FORM 18-K

For Foreign Governments and Political Subdivisions Thereof

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

ANNUAL REPORT

of

PROVINCE OF NEW BRUNSWICK

CANADA
(Name of Registrant)

Date of end of last fiscal year: March 31, 2000

SECURITIES REGISTERED *

(As of close of fiscal year)

Title of issue	Amounts as to which registration is effective	Names of exchanges on which registered
N/A	N/A	N/A

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* The Registrant is filing this annual report on a voluntary basis.

FORM 18-K March 31, 2000

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The information set forth below is to be furnished:

1. *In respect of each issue of securities of the registrant registered, a brief statement as to:*

   (a) *The general effect of any material modifications, not previously reported, on the rights of the holders of such securities.*

   None.

   (b) *The title and the material provisions of any law, decree or administrative action, not previously reported, by reason of which the security is not being serviced in accordance with the terms thereof.*

   None.

   (c) *The circumstances of any other failure, not previously reported, to pay principal, interest, or any sinking fund or amortization installment.*

   None.

2. *A statement as of the close of the last fiscal year of the registrant giving the total outstanding of:*

   (a) *Internal funded debt of the registrant. (Total to be stated in the currency of the registrant. If any internal funded debt is payable in a foreign currency, it should not be included under this paragraph (a), but under paragraph (b) of this item).*

   Reference is made to page 29 of Exhibit d hereto.

   (b) *External funded debt of the registrant. (Totals to be stated in the respective currencies in which payable. No statement needs to be furnished as to intergovernmental debt.)*

   Reference is made to page 29 of Exhibit d hereto.

3. *A statement giving the title, date of issue, date of maturity, interest rate and amount outstanding, together with the currency or currencies in which payable, of each issue of funded debt of the registrant outstanding as of the close of the last fiscal year of the registrant.*

   Reference is made to pages 44 and 45 of Exhibit d hereto.

4. (a) *As to each issue of securities of the registrant which is registered, there should be furnished a breakdown of the total amount outstanding, as shown in Item 3, into the following:*

   (1) *Total amount held by or for the account of the registrant.*

   As at March 31, 2000, the total amount held by or for the account of the registrant was as follows:

Date of Maturity	Interest Rate (%)	Series	Amount Outstanding	Amount Held in Sinking Fund	Date Issued
1 Oct 2002	7 1/8	EL	US$257,000,000	US$17,630,000	Oct 1992 Dec 1993
29 June 2004	7 5/8	EY	200,000,000	17,000,000	June 1994
20 June 2005	6 1/2	FH	150,000,000	49,455,000	June 1995
15 Feb 2013	7 5/8	EO	200,000,000	12,400,000	Feb 1993
15 Aug 2013	6 3/4	ET	200,000,000	53,567,000	Sept 1993
3 Mar 2018	9 1/2	DM	139,005,000	--	Mar 1988
15 May 2020	9 3/4	DU	200,000,000	5,000,000	May 1990
1 May 2022	8 3/4	EI	200,000,000	--	May 1992

(2) *Total estimated amount held by nationals of the registrant (or if registrant is other than a national government by the nationals of its national government); this estimate need be furnished only if it is practicable to do so.*

Not practicable to furnish.

(3) *Total amount otherwise outstanding.*

Date of Maturity	Interest Rate (%)	Series	Amount Otherwise Outstanding	Date Issued
1 Oct 2002	7 1/8	EL	US$239,370,000	Oct 1992 Dec 1993
29 June 2004	7 5/8	EY	183,000,000	June 1994
20 June 2005	6 1/2	FH	100,545,000	June 1995
15 Feb 2013	7 5/8	EO	187,600,000	Feb 1993
15 Aug 2013	6 3/4	ET	146,433,000	Sept 1993
3 Mar 2018	9 1/2	DM	139,005,000	Mar 1988
15 May 2020	9 3/4	DU	195,000,000	May 1990
1 May 2022	8 3/4	EI	200,000,000	May 1992

(b) *If a substantial amount is set forth in answer to paragraph (a)(1) above, describe briefly the method employed by the registrant to reacquire such securities.*

The Province of New Brunswick sinking fund is a general investment type fund. The *Provincial Loans Act* and in some cases the terms and conditions of the debenture issue specify the minimum rate at which sinking fund installments will be made. Purchases of bonds into the fund are generally discretionary. Many of the bonds purchased into the fund are New Brunswick or New Brunswick guaranteed bonds. The Province is also permitted to buy debt instruments issued or guaranteed by the Government of Canada or any province of Canada and other debt instruments defined by the *Provincial Loans Act.*

5. *A statement as of the close of the last fiscal year of the registrant giving the estimated total of:*

(a) *Internal floating indebtedness of the registrant. (Total to be stated in the currency of the registrant.)*

Reference is made to pages 30, 44 and 45 of Exhibit d hereto.

(b) *External floating indebtedness of the registrant. (Total to be stated in the respective currencies in which payable.)*

Reference is made to page 44 of Exhibit d hereto.

6. *Statements of the receipts, classified by source, and of the expenditures, classified by purpose, of the registrant for each fiscal year of the registrant ended since the close of the latest fiscal year for which such information was previously reported. These statements should be so itemized as to be reasonably informative and should cover both ordinary and extraordinary receipts and expenditures; there should be indicated separately, if practicable, the amount of receipts pledged or otherwise specifically allocated to any issue registered, indicating the issue.*

Reference is made to pages 18 to 26 and 41 to 43 of Exhibit d hereto.

7. (a) *If any foreign exchange control, not previously reported, has been established by the registrant (or if the registrant is other than a national government, by its national government), briefly describe such foreign exchange control.*

None.

(b) If any foreign exchange control previously reported has been discontinued or materially modified, briefly describe the effect of any such action, not previously reported.

Not applicable.

This annual report comprises:

(a) Pages numbered 1 to 5 consecutively.

(b) The following exhibits:

(d) Current Province of New Brunswick Description.

(e) Audited Financial Statements of the Province of New Brunswick for the fiscal year ended March 31, 2000, as published in the Public Accounts.

(f) Consent of the Auditor General of the Province of New Brunswick.

(g) Audited Financial Statements of New Brunswick Power Corporation for the fiscal year ended March 31, 2000, as published in its annual report.

(h) Consent of Deloitte & Touche.

This annual report is filed subject to the Instructions for Form 18-K For Foreign Governments and Political Subdivisions Thereof.

SIGNATURE

Pursuant to the requirements of the *Securities Exchange Act of 1934*, the registrant has duly caused this annual report to be signed on its behalf by the undersigned, thereunto duly authorized, at Fredericton, Canada on the 26th day of December, 2000.

Province of New Brunswick

By: /s/ Bryan MacDonald
Bryan MacDonald
Executive Director of
Treasury and Debt Management
Department of Finance

EXHIBIT INDEX

(d) Current Province of New Brunswick Description.

(e) Audited Financial Statements of the Province of New Brunswick for the fiscal year ended March 31, 2000 as published in the Public Accounts.

(f) Consent of the Auditor General of the Province of New Brunswick.

(g) Audited Financial Statements of New Brunswick Power Corporation for the fiscal year ended March 31, 2000 as published in its annual report.

(h) Consent of Deloitte & Touche.

Exhibit d

Province of New Brunswick

December 15, 2000

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All dollar amounts herein are in Canadian dollars unless otherwise specified. On December 15, 2000, the noon buying rate in the City of New York for cable transfers payable in Canadian dollars, as reported by The Federal Reserve Bank of New York, was $1.5174 per U.S. dollar.

Financial data for the Province of New Brunswick ("New Brunswick" or the "Province") have been rounded. Certain information presented in tabular form may not add to the total presented due to such rounding.

Certain historical financial data for the Province have been restated to reflect several accounting changes including the reclassification of sinking fund earnings from non-budgetary to budgetary (fiscal year ended March 31, 1996), the inclusion of estimated costs of existing and future claims for the Workplace Health, Safety and Compensation Commission (fiscal year ended March 31, 1997), the recognition of the following liabilities: accrued retirement allowance entitlements; accrued summer pay for teachers; accrued vacation pay entitlements and liability for Workers' Compensation benefits for Provincial employees (fiscal year ended March 31, 1998) and recognition of Harmonization Transitional Payments as per the federal government's funding formula, carrying loans made by the Province as an asset at net present value instead of at face value, recording all long term leases of real property as capital leases, inclusion of Service New Brunswick's financial position and results of operations in the Province's financial statements using the consolidation method and inclusion of Hospital Corporation's financial positions and results of operations using the equity method (fiscal year ended March 31, 1999).

Compound annual rates of growth are computed by using the "geometric average method", which is based on first and last year observations of the variables rather than all observations over the period concerned.

PROVINCE OF NEW BRUNSWICK

The following summary information is qualified in its entirety by the information contained herein.

	Year Ended December 31,					Compound Annual Growth Rate
	1995	1996	1997	1998	1999	1995-99
	(Canadian dollars in millions)					
Economy[1]						
Gross Domestic Product at market prices	$16,349	$16,580	$16,779	$17,457	$18,390	3.0%
Personal Income	14,653	14,827	15,085	15,740	16,350	2.8
Retail Trade	5,136	5,449	5,656	6,042	6,608	6.5
Manufacturing Shipments	8,317	8,365	8,448	8,079	8,775	1.4
Foreign Exports	5,419	5,383	5,464	5,459	6,068	2.9
Population at July 1 (in thousands)	752	753	754	753	754	0.1
Unemployment Rate	11.2%	11.6%	12.7%	12.2%	10.2%	
Change in Consumer Price Index	1.6	1.5	1.9	0.6	1.6	1.4

	Year Ended March 31,				
	1997	1998	1999	2000	Budget Estimates 2001
	(Canadian dollars in millions)				
Government Finances					
Ordinary Account Surplus (Deficit)	$164.3	$64.1	$(124.4)	$44.2	$(58.7)
Net Capital Expenditure	(277.7)	(256.2)	(283.3)	(253.4)	(140.0)
Surplus (Deficit) on Special Purpose Account	(0.9)	20.3	8.7	7.3	1.9
Surplus (Deficit) on Special Operating Agency	1.5	5.2	5.3	(0.8)	(1.9)
Earnings from Sinking Fund	181.2	200.2	226.5	203.7	220.0
Surplus (Deficit) from operations	66.0	34.8	(164.3)	8.1	21.3

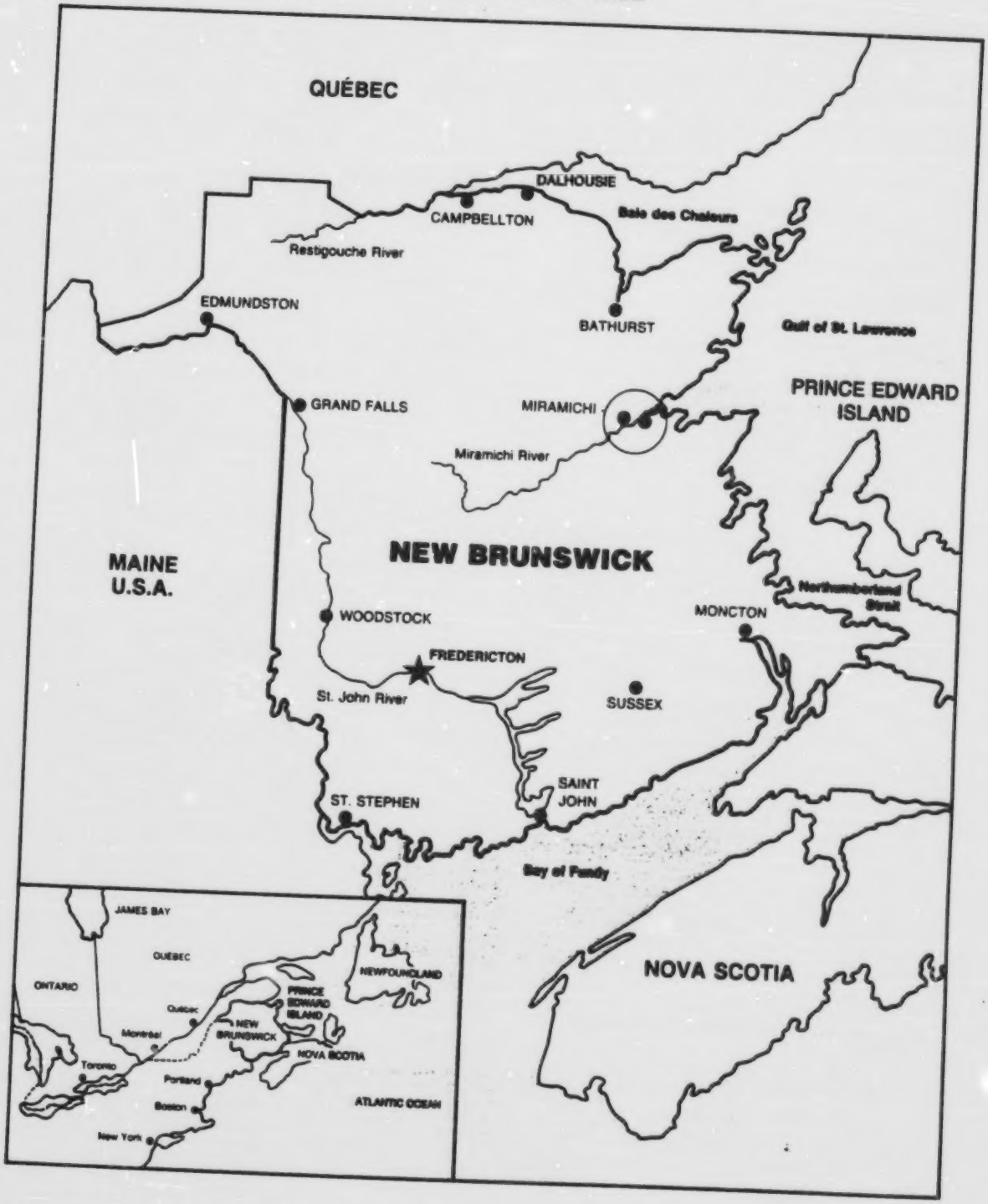
	Year Ended March 31,				
	1996	1997	1998	1999	2000
	(Canadian dollars in millions)				
Provincial Purpose Funded Debt and Capital Loans[2]					
Gross Funded Debt and Capital Loans	$6,307.8	$6,472.5	$6,685.1	$7,194.0	$7,408.5
Less Sinking Funds	2,082.1	2,304.9	2,440.0	2,693.2	2,925.5
Net Funded Debt and Capital Loans	$4,225.7	$4,167.7	$4,245.1	$4,500.8	$4,483.0

	1996	1997	1998	1999	2000
	(Canadian dollars in millions)				
Advances to New Brunswick Power Corporation[2]					
Gross Advances	$3,113.4	$3,098.3	$3,021.1	$3,017.1	$2,930.3
Less Sinking Funds	127.5	164.7	205.2	251.2	295.2
Net Advances	$2,985.9	$2,933.6	$2,815.9	$2,765.9	$2,635.1

	1996	1997	1998	1999	2000
	(Canadian dollars in millions)				
Contingent Liabilities[1]					
Gross Contingent Liabilities	$69.6	$70.8	$45.4	$64.5	$50.6
Less Sinking Funds	---	---	---	---	---
Net Contingent Liabilities	$69.6	$70.8	$45.4	$64.5	$50.6

[1]Source: Statistics Canada – Numbers are subject to adjustment.
[2]Foreign currency issues are expressed as the Canadian dollar equivalent at fiscal year end rates of exchange or, where hedges are in place, at the rates of exchange established by such hedges.

MAP OF THE PROVINCE



PROVINCE OF NEW BRUNSWICK
GENERAL INFORMATION

Introduction

The Province of New Brunswick is located on the eastern seaboard of Canada and has a total area of 28,355 square miles of which about 12,877 square miles is Crown land owned by the Province. The St. John River flows for a distance of over 300 miles through the Province to its mouth on the Bay of Fundy. The Province's population is concentrated principally in the valleys of the St. John and other rivers.

A large part of the Province is covered by forests, which constitute a major natural resource. Other natural resources include fish and shellfish, farmland and base metals, coal, potash, limestone and other minerals. The location of the Province provides the advantage of cost effective water transportation for its products to export markets in the eastern U.S., Great Britain and Western Europe. Saint John, the Province's largest city, located at the mouth of the St. John River on the Bay of Fundy, is one of the two principal seaports in eastern Canada which remain open throughout the year. Consequently, some Canadian shipping, which would otherwise pass through the St. Lawrence River, is diverted to the Saint John port during the winter months.

According to Statistics Canada, the population of the Province on July 1, 2000 was estimated at 756,598. The three largest urban areas of the Province and their respective populations based on 1996 census figures are Saint John (125,705), Moncton (113,491) and Fredericton (78,950), the capital of the Province.

Government

Canada consists of a federation of provinces and Federal territories with a constitutional division of powers between the Federal and provincial governments established by the Constitution Acts, 1867 and 1982. Under the Constitution Acts, 1867 and 1982 the provinces are assigned jurisdiction over health, social services, education, municipal institutions, property and civil rights, natural resources and other matters of purely private or local concern. The Parliament of Canada has jurisdiction over all areas not assigned exclusively to the provincial legislatures, including such matters as the federal public debt and property, the regulation of trade and commerce, currency and coinage, banks and banking, national defense, the postal services, railways and navigation and employment insurance.

The *Constitution Act, 1982* provides for enlarged provincial jurisdiction over and taxation of certain natural resources and electrical energy, a Charter of Rights and Freedoms, including language rights, the principles of the reduction of regional economic disparities and the making of fiscal equalization payments to certain provinces by the Government of Canada, and for the amendment of the constitution in Canada. Each province owns mineral and other resources on its provincial Crown Lands and may own sub-surface resources on its other lands.

The most significant issue during the past years pertaining to the Canadian Constitution has been Quebec secession. On August 20, 1998, the Supreme Court of Canada rendered its decision that under the Constitution Acts, 1867 and 1982 and international law Quebec could not unilaterally secede from Canada without entering into negotiations with the other participants in the Canadian Constitution. However, the Supreme Court also ruled that if a clear majority of Quebecers in response to a clear question voted to secede, the rest of Canada would be obliged to enter into negotiations with Quebec.

The executive power in the Province is vested in the Lieutenant-Governor acting on the advice of the Executive Council. The Executive Council is responsible to the Legislative Assembly. The Lieutenant-Governor, who is the representative of the Queen, is appointed by the Governor-General of Canada in Council. Members of the Executive Council are appointed by the Lieutenant-Governor on the nomination of the Premier from members of the Legislative Assembly. There are presently 16 members of the Executive Council, including the Premier, the Honourable Bernard Lord. The present Lieutenant-Governor of the Province, Her Honour Marilyn Trenholme Counsell, took office on April 18, 1997.

Legislative power in the Province is exercised by the Legislative Assembly and legislation becomes effective upon the assent of the Lieutenant-Governor unless otherwise specified in the legislation. The Legislative Assembly is elected for a term of five years and may be dissolved at any time by the Lieutenant-Governor on the advice of the Premier of the Province. Forty-four members are from the Progressive Conservative Party, eight members are from the Liberal Party and one member is from the New Democratic Party. All were elected on June 7, 1999. Two seats are currently vacant.

Regional Cooperation

The Province, along with Nova Scotia and Prince Edward Island, is one of the three Maritime provinces of Canada. In the summer of 1992, each of the Maritime provinces enacted common legislation which set out a vision of economic union within the region. Since the enactment of the *Maritime Economic Cooperation Act*, Maritime governments have pursued joint initiatives in many sectors of the economy aimed at enhancing the competitiveness of the region's business community and providing more efficient and effective public services within the region. Recently, regional economic cooperation was formally extended to include all four Atlantic provinces, the three Maritime provinces plus the province of Newfoundland. The Council of Atlantic Premiers held its first session on May 15, 2000 in Moncton, New Brunswick, at which time a Memorandum of Understanding on Atlantic Canada Cooperation was signed.

International Trade Agreements

The Government of New Brunswick believes that Canada's participation in the Canada-U.S. Free Trade Agreement and North American Free Trade Agreement improve the Province's international trade opportunities, particularly with neighbouring U.S. states. The conclusion of the Uruguay Round of GATT, and the subsequent formation of the World Trade Organization, is beneficial for the export-oriented economies of both Canada and New Brunswick. Failure to launch the Seattle Round of the WTO is not seen as wholly detrimental in the short or medium term as bilateral agreements with the U.S. secure access to U.S. markets for the vast majority of the Province's exports. The Province participates actively on Federal/Provincial consultative committees concerned with implementation and future negotiation issues.

Negotiations that concluded in 1996 between Canada and the U.S. on the trade of softwood lumber resulted in the implementation of quotas in several Canadian provinces. New Brunswick benefits from a formal exchange of letters that exempts New Brunswick from this agreement.

THE ECONOMY

Recent Developments

As the U.S. economy continued its strong performance, Ca[illegible]n economic growth improved compared to the previous year due to stabilized world commodity prices, rapid export growth, particularly for manufactured goods, and Y2K and Internet related demand for computers and telecommunications equipment. New Brunswick economic growth for 1999 was the highest of the decade as evidenced, in part, by non-residential construction activity which nearly doubled. Estimates for Real Gross Domestic Product at market prices ("Real GDP") for 1999 indicate an increase of 4.2% for the Province from 1998, compared to the national rate of 4.5%. Nationally, economic growth was led by Ontario which benefited from a strong performance by its manufacturing sector and Newfoundland which benefited from an emerging oil sector. For New Brunswick, growth was broad-based with above average performances from non-residential construction, agriculture, fishing, transportation and storage, communications, retail and wholesale trade, public administration and business services. Output from the goods producing sector rose 5.6% while output from the service sector increased 3.7%.

In 1999, retail sales growth in New Brunswick outpaced the national rate of growth for the fourth time in the last five years, increasing 9.4% compared to the 5.7% national increase. New motor vehicles sales continued their strong performance in New Brunswick, increasing 12.7%. New Brunswick's Consumer Price Index increased 1.6%, slightly below the national increase of 1.7%. Due to improving world commodity prices, New Brunswick manufacturing shipments in 1999 reflected an improvement from 1998, increasing 8.6% compared to the national increase of 9.3%. Wages and salaries earned in New Brunswick increased 5.5% to $8.6 billion in 1999, while rising 5.3% nationally. New Brunswick's housing starts grew 13.4% from 1998, to 2,776. Led by projects in manufacturing, transportation and the utilities sectors, capital investment in the Province increased 20.7% from 1998. Capital investment in Canada increased by 4.3% during the same period. In the agriculture sector, farm cash receipts increased 7.3% in 1999 with potato receipts posting an increase of 17.8%. The value of mineral production in New Brunswick declined 0.6% as the metals sector continued to suffer from generally low base metal prices in 1999 and the closure of a mine.

Foreign exports increased 11.2% in 1999 to $6.1 billion. The value of energy products increased 21.2% over the 1998 level while food products increased 13.4%, forestry products increased 5.6% and industrial goods reported a decline of 1.1%.

In 1999, New Brunswick's employment grew by 3.3%, above the 2.8% national growth rate. The unemployment rate fell from 12.2% in 1998 to 10.2% in 1999, the lowest rate since 1976.

Economic Activity

In 1999, the nominal value of GDP of the Province was estimated at $18,390 million (in current prices) or $24,379 per capita. Over the 1995 to 1999 period, Real GDP grew at a compound annual growth rate of 2.5% compared to a national rate of growth of 3.4%.

Between 1995 and 1999, the output from goods producing industries increased at a compound annual growth rate of 1.8% to $4,006 million, while output from the service producing industries increased at a compound annual growth rate of 2.9% to $10,181 million. The gross value of manufacturing shipments increased at a compound annual growth rate of 1.4% (in current prices) over the same period and foreign exports of commodities rose at a compound annual growth rate of 2.9% (in current prices).

Personal income in the Province increased from $14,653 million in 1995 to $16,350 million in 1999 (in current prices), a compound annual growth rate of 2.8%. On a per capita basis, personal income increased from $19,491 to $21,674 (in current prices) over the same period, growing at a compound annual growth rate of 2.7%, equal to the national compound annual growth rate. Retail sales for the Province increased at a compound annual growth rate of 6.5% (in current prices) over the same period.

The following table sets forth selected indices of economic activity for the Province and for Canada as a whole for the years 1995 through 1999.

SELECTED ECONOMIC INDICATORS

	Year Ended December 31,					Compound Annual Growth Rate
	1995	1996	1997	1998	1999	1995-99
			(millions of dollars)			
Gross Domestic Product at market prices	$16,349	$16,580	$16,779	$17,457	$18,390	3.0%
Gross Domestic Product (Canada) at market prices	807,088	833,070	877,921	901,805	957,911	4.4
Per Capita Gross Domestic Product (in dollars)	21,747	22,019	22,246	23,170	24,379	2.9
Per Capita Gross Domestic Product (Canada) (in dollars)	27,495	28,076	29,277	29,814	31,414	3.4
Personal Income	14,653	14,827	15,085	15,740	16,350	2.8
Per Capita Personal Income (in dollars)	19,491	19,691	20,000	20,891	21,674	2.7
Per Capita Personal Income (Canada) (in dollars)	22,907	23,177	23,832	24,660	25,452	2.7
Private and Public Investment (new)	2,563	2,733	2,675	3,046	3,677	9.4
Retail Trade	5,136	5,449	5,656	6,042	6,608	6.5
Manufacturing Shipments	8,317	8,365	8,448	8,079	8,775	1.4
Foreign Exports	5,419	5,383	5,464	5,459	6,068	2.9
Real Gross Domestic Product at market prices (millions of 1992 dollars)	$15,071	$15,266	$15,331	$15,941	$16,616	2.5
Real Gross Domestic Product (Canada) at market prices (millions of 1992 dollars)	769,082	780,916	815,013	842,002	880,254	3.4
Change in Consumer Price Index	1.6%	1.5%	1.9%	0.6%	1.6%	1.4
Change in Consumer Price Index (Canada)	2.2	1.6	1.6	0.9	1.7	1.5

Source: Statistics Canada.

New Investment

The following table sets forth statistics regarding new investment in the Province, by sector, and compares total new investment with Canada as a whole.

NEW INVESTMENT

	Year Ended December 31,				
	1995	1996	1997	1998	1999[1]
			(millions of dollars)		
Construction Investment					
Housing	$503.2	$567.8	$649.6	$603.6	$654.7
Transportation and Warehousing	155.4	148.2	17.3	217.4	514.6
Manufacturing	98.0	136.9	81.9	158.5	399.5
Public Administration	390.0	420.4	437.5	411.9	362.9
Utilities	nd	nd	nd	55.8	108.1
Finance and Insurance	3.6	10.5	7.1	24.9	53.3
Mining and Oil and Gas Extraction	nd	nd	73.1	nd	46.7
Agriculture, Forestry, Fishing and Hunting	28.6	25.8	54.3	32.7	36.3
Educational Services	50.5	51.0	38.1	27.4	33.7
Retail Trade	28.6	26.0	36.8	44.4	25.9
Information and Cultural Industries	20.7	31.7	65.0	nd	16.1
Health Care and Social Assistance	62.8	51.8	27.3	20.8	11.7
Construction	7.0	7.3	7.4	7.5	7.9
Real Estate and Rental and Leasing	8.3	27.2	16.1	13.3	6.7
Professional, Scientific & Technical Services	0.5	1.8	4.8	2.6	5.5
Administrative & Support, Waste Management & Remediation Services	nd	nd	15.9	4.6	5.3
Accommodation and Food Services	7.1	11.0	3.5	10.3	4.9
Wholesale Trade	9.7	16.9	7.1	9.0	3.8
Other Services	2.6	2.6	4.5	nd	nd
Management of Companies & Enterprises	nd	nd	nd	nd	nd
Arts, Entertainment and Recreation	nd	nd	0.5	2.8	nd
Total Construction[2]	1,591.3	1,711.5	1,608.4	1,750.7	2,303.2
Machinery and Equipment Investment					
Manufacturing	305.1	364.8	314.2	332.0	444.6
Finance and Insurance	67.7	40.5	108.2	166.7	179.9
Information and Cultural Industries	92.2	161.3	140.4	nd	132.2
Transportation and Warehousing	89.6	81.7	53.1	137.9	101.0
Construction	61.6	61.9	66.8	71.4	76.7
Agriculture, Forestry, Fishing and Hunting	41.1	47.8	45.0	58.6	68.1
Utilities	nd	nd	nd	25.5	59.8
Retail Trade	51.6	51.2	87.5	57.9	51.7
Professional, Scientific & Technical Services	9.5	16.1	36.5	43.5	51.5
Public Administration	52.1	43.9	52.6	55.6	46.5
Real Estate and Rental and Leasing	1.2	2.1	6.5	28.2	40.3
Wholesale Trade	51.5	34.8	38.9	51.8	26.7
Mining and Oil and Gas Extraction	nd	nd	31.5	nd	26.2
Health Care and Social Assistance	24.2	27.9	23.8	22.1	23.0
Educational Services	15.0	16.3	13.2	11.7	11.0
Administrative & Support, Waste Management & Remediation Services	nd	nd	9.0	16.0	9.5
Accommodation and Food Services	17.5	8.9	7.6	11.5	4.9
Other Services	12.3	9.4	14.9	nd	nd
Management of Companies & Enterprises	nd	nd	nd	nd	nd
Arts, Entertainment and Recreation	nd	nd	nd	5.8	nd
Total Machinery and Equipment[2]	971.9	1,021.8	1,066.7	1,295.4	1,373.9
Total New Investment	$2,563.2	$2,733.3	$2,675.1	$3,046.1	$3,677.1
Total New Investment (Canada)	$132,677.3	$135,537.1	$161,725.5	$167,376.9	$174,544.1

[1] Preliminary actual.
[2] Total investments include amounts which are not separately disclosed by Statistics Canada.
nd: not disclosed
Source: Statistics Canada.

In December 1998, Irving Oil Limited announced a $1 billion upgrade of their Saint John refinery. The expansion will enable the refinery to produce more high-end fuels such as high-grade, low sulfur gasoline and less lower-grade heating oil, with no change to the refinery's processing capacity. The bulk of the construction work was completed by October, 2000. Peak employment with more than 3,500 trades workers and support staff were on site in August, 2000.

During the 1990s, a significant amount of funds have been directed at the New Brunswick highway system. During 1998, the Canada-New Brunswick Highway Improvement Agreement worth $300 million (on a 50-50 cost-shared basis between the Province and the Federal Government) was extended for a three-year period. Since then, a further extension was negotiated with the agreement expiring on March 31, 2004, although no additional funds were provided. In January 1998, the Province also entered into a public-private partnership to build a four-lane highway between Fredericton and Moncton, which is expected to be completed by 2001. Total capital costs of the project are expected to be $903.8 million.

Natural gas flowed through the Maritimes & Northeast Pipeline main pipeline from Sable Island, Nova Scotia, through New Brunswick and to New England markets in January 2000. While construction of the $93 million Saint John lateral pipeline will be completed in 2000, no decision has been made on additional laterals in the Province. Enbridge Gas New Brunswick was chosen to develop a natural gas distribution system and, over the next twenty years, intends to spend $300 million building and extending a 1,450-km natural gas distribution system throughout 25 communities in southern New Brunswick. During the construction phase, the project is expected to create more than 3,400 person-years of employment, most through independent contractors. Enbridge Gas New Brunswick anticipates that gas service will be available in Saint John, Moncton, Fredericton and St. George in late 2000.

New Brunswick Power Corporation reported capital expenditures of $95 million in 1999-00 for the acquisition of information technology, upgrading generation facilities, and transmission and distribution infrastructure maintenance. Westcoast Energy Inc. and New Brunswick Power Corporation are partners in the $180 million conversion of an oil-fired electric generating unit to natural gas at Courtenay Bay, Saint John with completion scheduled for the end of 2000.

NBTel invested over $100 million in capital for the maintenance and modernization of New Brunswick's telecommunications infrastructure in 1999. The company launched VibeVision, an interactive information and entertainment television service, in Moncton and plans to expand to Saint John later in 2000. Shaw Communications Inc. (recently acquired by Rogers Communications Inc.) announced digital television service to Moncton and Saint John with expansion to other centres expected in 2000. The company has committed $26 million to provide the most advanced cable technology throughout the province.

Projects under the Canada/New Brunswick Infrastructure Program and the extension agreement (which receive equal funding from Federal, Provincial and Municipal Governments) from 1994 through 1999 were worth $186.6 million. A new agreement was signed in October 2000 with $163.3 million to be jointly invested from 2000 to 2006.

Foreign Exports of Commodities

Foreign exports of commodities are important to the Province as well as to Canada as a whole. During the 1995 to 1999 period, the value of foreign exports was equivalent to 28.2% of Real GDP for New Brunswick and 32.2% of Real GDP for Canada. New Brunswick's foreign exports of commodities, estimated at $6,067.9 million in 1999, increased at a compound annual growth rate of 2.9% over the 1995 to 1999 period.

Due to the significance of commodity exports, the economy of the Province is closely related to international economic conditions, particularly in the U.S. In 1999, the U.S. purchased an aggregate of 83.8% of the Province's commodity foreign exports. Energy products (mostly refined petroleum products and some electricity) accounted for 24.5% of all commodity exports that year, followed by lumber (17.9% of total) and paper products (17.0% of total). Other important commodity exports are woodpulp, agriculture and fishing products, fertilizers and metallic ores.

The table below shows foreign exports of major commodity groups by New Brunswick for the years 1995 to 1999. The largest component, forest products, increased at a compound annual growth rate of 2.4% from 1995 to 1999. Exports of energy products increased at a compound annual growth rate of 0.4%, and this result is mainly due to fluctuating world oil prices. Increasing at a compound annual growth rate of 6.6%, exports of agricultural and fishing products have reported strong increases in recent years to diverse markets such as the U.S., Japan and Europe. Industrial goods exports, composed of such products as metallic ores, chemicals and fertilizers, have been affected by the decline of world commodity prices, decreasing at a compound annual growth rate of 4.7%. Machinery and equipment exports grew strongly over the period at 18.1% compound annual growth while the "other" category, consisting of automotive products, consumer goods and special transactions, increased at a compound annual growth rate of 23.0%.

FOREIGN EXPORTS OF COMMODITIES

	Year Ended December 31,					Compound Annual Growth Rate
	1995	1996	1997	1998	1999	1995-99
	(millions of dollars)					
Forest Products	$2,309.9	$1,958.3	$2,078.3	$2,399.9	$2,535.4	2.4%
Energy Products	1,463.7	1,718.4	1,651.2	1,226.1	1,486.4	0.4
Agriculture and Fishing Products	879.3	897.0	929.6	1,001.9	1,136.1	6.6
Industrial Goods	538.6	530.5	492.0	448.9	444.1	(4.7)
Machinery and Equipment	157.5	187.9	208.4	255.4	305.9	18.1
Other	69.9	90.9	104.2	126.9	160.0	23.0
Total	$5,418.9	$5,383.0	$5,463.7	$5,459.1	$6,067.9	2.9

Source: Statistics Canada.

Structure of the Economy

The economy of the Province receives a large contribution from natural resources, especially forestry and forestry-related industries. The Provincial economy shows a larger concentration of service industries than goods producing industries compared to Canada as a whole. During the 1995 to 1999 period, GDP at factor cost in the service industries accounted for 71.5% of total GDP compared to 67.2% for Canada. The following table shows GDP at factor cost by industry in the Province for the years 1995 to 1999, valued in 1992 constant dollars.

GROSS DOMESTIC PRODUCT AT FACTOR COST BY INDUSTRY

	Year Ended December 31,					Compound Annual Real Growth Rate
	1995	1996	1997	1998	1999	1995-99
	(millions of 1992 dollars)					
Goods Producing Industries						
Manufacturing[1]	$1,658.2	$1,647.6	$1,650.4	$1,719.9	$1,786.5	1.9%
Construction	769.4	805.5	719.6	711.7	838.2	2.2
Other Utility Industries	433.8	520.8	541.5	596.3	594.4	8.2
Forestry	263.6	266.9	228.9	228.2	217.1	(4.7)
Mining, Quarrying and Oil Wells	392.2	376.7	326.2	308.3	312.3	(5.5)
Agriculture	126.0	149.2	151.8	160.8	176.5	8.8
Fishing and Trapping	86.6	86.0	80.1	68.8	81.3	(1.6)
Total Goods Producing Industries	3,729.8	3,852.8	3,698.5	3,794.0	4,006.2	1.8
Service Producing Industries						
Transportation and Storage	776.0	792.2	814.4	805.4	851.5	2.4
Communications	470.9	508.3	541.2	586.5	620.6	7.1
Retail Trade	925.4	936.8	921.7	993.3	1,050.1	3.2
Wholesale Trade	568.9	553.8	638.2	750.7	822.6	9.7
Finance, Insurance and Real Estate	1,965.8	2,022.2	2,066.9	2,114.3	2,164.1	2.4
Public Administration	1,353.3	1,327.8	1,268.0	1,320.5	1,381.5	0.5
Educational Services	795.1	817.7	846.0	834.5	822.9	0.9
Health and Social Services	1,041.1	1,040.6	1,053.1	1,092.4	1,099.4	1.4
Accommodation, Food and Beverages	346.7	358.0	360.0	375.2	390.2	3.0
Business Services	393.6	406.8	443.3	477.2	505.4	6.5
Other Services	456.9	473.5	475.9	470.3	472.6	0.9
Total Service Producing Industries	9,093.7	9,237.7	9,428.7	9,820.4	10,181.0	2.9
Total Real Domestic Product (at factor cost)	$12,823.4	$13,090.5	$13,127.1	$13,614.3	$14,187.1	2.6
Business Sector Industries	$9,565.6	$9,746.8	$9,839.1	$10,274.9	$10,781.1	3.0
Non-Business Sector Industries	$3,257.8	$3,343.7	$3,288.0	$3,339.4	$3,406.0	1.1

[1]Includes natural resources processing: output of forestry-related products accounted for approximately 33.0% of manufacturing GDP at factor cost during the years 1995 through 1999.

Source: Statistics Canada

Primary Industries

Mining. The New Brunswick mining sector has benefited from the development of base metal deposits (zinc, lead, copper and silver ores), potash and peat with increases in employment both directly and through the development and operation of related smelting and land and water transportation facilities.

With world commodity prices continuing to remain low in 1999, the total value of mineral production in New Brunswick (including downstream manufacturing) decreased by 0.6% to $857.5 million. Metals, which accounted for almost 70% of the total value of the Province's mineral production, decreased 2%, while non-metallics (22% of total production) increased by 1.6%. Among the metals, zinc continued to be the dominant commodity (53% of total production) and was an important exception in that it registered a higher average price.

Production at Noranda Inc.'s Brunswick base metal mine, the Province's largest mine, held steady in 1999 after declining in previous years due to the depletion of resources and depth of mine workings. Reserves for the mine, which has operated for 35 years near Bathurst, are currently estimated at 10 years based upon the present rate of extraction. Noranda's other site, Heath Steele, closed its base metal mine at the end of October 1999. The mine employed about 280 workers.

In order to address challenges in the industry, the Province recently conducted a study resulting in a report containing a strategy and recommendations to revitalize the New Brunswick mining industry.

The main non-metal commodities are potash, peat, salt and sulphur in smelter gas. In 1998, the Potash Corporation of Saskatchewan Inc. (New Brunswick Division) detected a small brine inflow in its mine near Sussex, but by the latter part of 1999, considerable progress had been made in reducing the inflow. Eighteen companies produced peat from 33 bogs valued at $57.6 million in 1999. This represented 35% of total Canadian production.

Structural materials such as lime, stone, and sand and gravel contributed about 5% to the value of production. Four limestone quarries were active as well as areas producing marl and silica.

Approximately $8.5 million was spent in 1999 on exploration projects. The focus of exploration in northern New Brunswick was on base metals with Breakwater Resources Ltd. and Noranda Inc. spending $6.5 million in 1999. Precious metals and base-metal sulfides were the focus of exploration in southern New Brunswick. Interest continued in oil and natural gas exploration in the Province as several companies held licenses to conduct exploratory activities. The provincial government extended its New Brunswick Exploration Assistance Program for fiscal year 1999 to help the junior mining sector in the identification of mineral potential in several sites around the Province.

The following table sets forth the total selling value of mineral production in the Province (including the value of concentrating and smelting) for the years 1995 through 1999.

MINERAL PRODUCTION

	Year Ended December 31,				
	1995	1996	1997	1998	1999
			(millions of dollars)		
Base Metals	$670.7	$586.3	$657.5	$609.9	$597.9
Structural Materials	44.5	42.7	38.4	41.3	46.0
Fuels, including Coal	24.4	24.0	18.2	22.9	21.6
Non-Metallic Minerals	281.1	301.6	238.9	188.9	192.0
Total	$1,020.7	$954.7	$953.1	$863.0	$857.5

Source: Statistics Canada.

Forestry. Approximately 85% of the land area of the Province are forested and roughly one-half of the forested land is owned by the Province as Crown land. Nearly all Crown land is subject to timber licenses and the Province received $48 million from Crown land stumpage for the fiscal year ended March 31, 2000.

The following table sets forth the most recently published estimates of forest production in the Province for the years 1993 through 1997.

FOREST PRODUCTION

	Year Ended December 31,				
	1993	1994	1995	1996	1997
	(thousands of cubic metres)				
Pulpwood	3,596	3,389	3,933	3,968	4,542
Logs	5,209	5,826	6,070	6,897	6,683
Other	154	54	52	37	27
Total	8,959	9,269	10,055	10,902	11,253

Source: Statistics Canada.

Information regarding the Province's pulp and paper and wood manufacturing industries is set forth below under "Manufacturing". Pulpwood production from year to year is affected by, among other things, weather conditions for harvesting and bears a fluctuating relationship to shipments by the pulp and paper industry.

Harvesting of the Province's wood resources is approximately in balance with current growth on a sustainable-yield basis. The Province's inventory of wood volume is estimated at 578 million cubic metres, over 68% of which is softwood.

Agriculture. The 1996 census indicated that the Province had 3,206 farms (excluding Christmas tree only farms) and 383,770 acres of land in crops, summerfallow and pasture. The comparable figures from the 1991 census were 3,252 farms and 367,808 acres. Farm cash receipts increased 7.3% during 1999 to an estimated $372.4 million. The largest crop, potatoes, reported a 17.8% rise in the value of production to reach the record level of $97.7 million.

Fishing. Lobster, crab, scallops, shrimp and herring have been the species most important to the primary fishing industry, accounting for over 90% of the value of landings in 1999. The average annual value of fish landings for the 1995 to 1999 period was $163 million. New methods of processing and marketing frozen and pre-cooked fish and shellfish have expanded market opportunities and increased the competitiveness of the industry. Shipments of processed fish products for the 1995-99 period averaged $534 million.

The aquaculture industry was responsible for sales of approximately $158 million in 1999, with Atlantic salmon accounting for approximately $150 million of this value. Programs to alleviate problems within the salmon industry created by the Infectious Salmon Anemia virus are starting to take affect. New Brunswick producers account for nearly 30% of aquaculture sales in Canada. The industry is developing new value-added products and is diversifying its product mix thus creating extended employment in processing plants. Fishing industries exports reached $710 million in 1999, a 21.8% increase over 1998. New Brunswick exports to the U.S. were valued at $561 million, an increase of 24.9%.

Secondary Industries

Manufacturing. Manufacturing activities in New Brunswick employed approximately 39,300 people in 1999 and provided $1,270.0 million in wages and salaries compared to $1,200.0 million in 1998.

In 1999, the value of manufacturing shipments increased by 8.6% to $8,774.7 million. The machinery industry posted the strongest gain in 1999 (17.2%), followed by the chemical (15.2%), wood (14.1%) and food (6.4%) industries. Increases also occurred in fabricated metal products (3.6%), non-metallic mineral products (1.5%) and printing, publishing and allied (0.3%) industries. The paper and allied and beverage industries decreased 0.2% and 4.4% respectively. The miscellaneous group, accounting for 32.0% of total shipments in 1999, posted a 16.8% increase.

New Brunswick's forest-related industries had mixed results in 1999, as the wood products industry enjoyed a very good year due to strong prices, while conditions in the paper and allied products industry improved as prices for most products rose during the second half of the year. Lumber prices rose steadily in 1999, peaking during the summer months, and ended the year at their highest levels since the second half of 1997. Major projects announced or undertaken in 1999 included a $30 million expansion by Flakeboard Company Ltd. of St. Stephen, a $12 million investment by the Weyerhaeuser mill in Miramichi (formerly Eagle Forest Products Ltd.) and two expansion projects valued at approximately $6 million by Groupe Savoie Inc. of Saint-Quentin.

The year 1999 was marked by several openings and expansions in the oil refining, textile, chemical products, food, plastics, furniture, primary metals and fabricated metal products industries, further contributing to the diversification of the Province's manufacturing base. Other developments besides the Irving Oil Limited refinery expansion include the $70 million textile plant of Atlantic Yarns in Atholville, the $19 million toiletry products plant by Solutions International Inc. of Eel River Crossing, the $17 million expansion of a fish processing facility by Connors Brothers in Blacks Harbour, the $7 million upgrade to the Noranda Inc. smelter in Belledune, and the opening of the $6.5 million Artal Industries Inc. knitting factory in Woodstock. The manufacturing sector continues to benefit from the implementation of the Harmonized Sales Tax, improving the competitiveness of the Province's manufacturers in both domestic and foreign markets. The arrival of natural gas in the region should provide a further cost advantage to manufacturers.

In the transportation industry, work on the second container ship built at Saint John Shipbuilding Limited was completed in April, 2000. Peak employment of 800 fell to 400 in December, 1999 and to 50 in October, 2000. There are no current projects under construction at the shipyard.

The table below sets forth the leading industrial groups in the Province's manufacturing sector, according to gross selling value of factory shipments, for the years 1995 through 1999.

GROSS SELLING VALUE OF FACTORY SHIPMENTS

Industry	Year Ended December 31,					Compound Annual Growth Rate
	1995	1996	1997	1998	1999	1995-99
			(millions of dollars)			
Paper and Allied	$2,504.5	$1,924.1	$1,879.9	$2,028.6	$2,023.5	(5.5)%
Food Processing	1,518.5	1,508.5	1,628.1	1,608.8	1,712.1	3.1
Wood	751.3	896.1	1,055.5	1,143.6	1,304.2	14.8
Beverage	188.4	221.3	192.0	188.7	180.5	(1.1)
Fabricated Metal	203.2	214.8	189.4	196.2	203.4	0.02
Printing, Publishing and Allied	127.1	122.4	124.1	134.3	134.7	1.5
Non-Metallic Minerals	132.3	161.4	177.5	180.5	183.2	8.5
Machinery	87.5	86.7	97.0	90.0	105.5	4.8
Chemical and Chemical Products	127.1	127.3	105.7	103.2	118.9	(1.7)
Miscellaneous[1]	2,677.3	3,102.7	2,998.3	2,405.3	2,808.7	1.2
Total	$8,317.2	$8,365.3	$8,447.5	$8,079.2	$8,774.7	1.4

[1]The principal components of "Miscellaneous" are petroleum products, shipbuilding, lead smelting and electrical and electronics commodities.

Source: Statistics Canada.

Construction. The construction industry is the second largest of the goods-producing industries in terms of contribution to GDP. In 1999, spending on construction activity in the Province increased 20.7% to $3,677.1 million, compared to an increase of 4.3% for Canada. The continuation of major projects in the road transportation and natural gas distribution sectors, and the beginning of the oil refinery expansion led to a marked increase in activity. Manufacturing, the largest component, accounted for 23.0% of capital investment in 1999. Residential construction ranked second, and was estimated to account for 17.8% of capital spending. According to preliminary estimates, construction activity in the Province in 2000 is expected to reach $3,639.0 million, down slightly from 1999s record level.

Service Industries

Trade. Retail trade amounted to $6,607.6 million in 1999, an increase of 9.4% from 1998, compared to the national rate of increase of 5.7%. Between 1995 and 1999, New Brunswick's compound annual growth rate for retail trade was 6.5%. On a per capita basis, the value of retail sales was $8,759 for New Brunswick and $8,549 for Canada as a whole.

Transportation. New Brunswick has an extensive infrastructure of road, rail, water and air transportation services. In addition, the Province has an area air traffic control centre that monitors flights into and out of airports in Atlantic Canada and Labrador, plus all traffic traversing the North Atlantic. The number of air passengers passing through New Brunswick airports increased by 6% in 1999, above the national increase of 3.4%. The Moncton airport is planning to construct a new $18 million air terminal, scheduled for completion in 2002. A major ice-free port in Saint John handled 20.0 million metric tonnes of cargo in 1999, an increase of 3%. Cruise vessels made 30 calls at the Saint John port in 1999 bringing over 38,000 passengers to the area. In 2000, over 100,000 passengers are expected as the number of calls are expected to more than double. The port invested $4.3 million in capital and maintenance projects throughout 1999.

Communications. By the end of 1999, there were more than 80 customer contact centres in New Brunswick employing approximately 10,000 people. Future growth potential continues with several companies planning large expansions or new investment in 2000. They include NBTel, Air Canada, ICT Group Inc., CanJet Airlines, CIBC, Virtual Agent Services, Minacs Worldwide Inc. and ClientLogic.

Technology. The information technology sector also experienced growth in 1999 with the addition of more than 20 new companies and approximately 1,000 jobs. Companies that contributed significantly to this growth include OAO Technology Solutions, MITI Information Technology Inc. and Caris-Universal Systems.

Tourism. In recent years, tourism has made a significant contribution to the economy of the Province. Revenues reached an all-time high of $920 million in 1999, an 8% increase from the previous year with visitations rising 1% to over 1.46 million. The largest gains in visitors were from Ontario and the U.S. Current marketing strategies include increasing exposure in New England and mid-Atlantic U.S. as well as developing new markets in the southern states.

In 1999, Moncton was the site of the VIII[e] Sommet de la Francophonie. The three-day event brought together 52 heads of states and governments having French as a common language. The economic impact of the Summit and its related activities on the Atlantic region is estimated at approximately $78 million.

Labour Force

New Brunswick's labour force reached 365,700 in 1999, an increase of 1.1% over 1998. Strong growth in the first half of 1999 pushed employment in the Province up by 10,600 to 328,400, a record high. This represented growth of 3.3%. Nationally, the number of employed persons increased 2.8% in 1999. The number of unemployed persons in the Province dropped by 6,800 to 37,300 in 1999, the result of faster growth in employment than in the labour force. The unemployment rate in New Brunswick fell from 12.2% in 1998 to 10.2% in 1999, its lowest rate since 1976 (for which comparable data is available). Canada's unemployment rate, the lowest in ten years, stood at 7.6% in 1999.

The following table sets forth certain information concerning the Province's labour market.

LABOUR FORCE

	Average for Year Ended December 31,				
	1995	1996	1997	1998	1999
			(thousands)		
Population 15 years and over	587.8	591.0	594.3	596.3	599.5
Labour Force	349.1	346.4	355.8	361.9	365.7
Labour Force Employed	309.9	306.2	310.7	317.8	328.4
Labour Force Unemployed	39.2	40.2	45.1	44.1	37.3
Unemployment Rate					
New Brunswick	11.2%	11.6%	12.7%	12.2%	10.2%
Canada	9.4	9.6	9.1	8.3	7.6
Participation Rate					
New Brunswick	59.4	58.6	59.9	60.7	61.0
Canada	64.9	64.7	64.9	65.1	65.6

Source: Statistics Canada.

From 1995 to 1999, the number of persons employed in New Brunswick increased 6.0%. Gains of more than ten percent were realized in 1999 in the information, culture and recreation sector (23.6%) and the management, administrative and other support sector (16.5%).

The following table indicates employment by industry in the Province for the years 1995 through 1999.

EMPLOYMENT BY INDUSTRY

	Average for Year Ended December 31,				
	1995	1996	1997	1998	1999
			(thousands)		
Goods-Producing Sector					
Agriculture	6.1	5.8	6.5	6.4	5.8
Forestry, Fishing, Mining, Oil and Gas	12.7	12.1	13.3	12.8	12.1
Manufacturing	37.3	35.6	36.0	36.7	39.3
Utilities	3.6	3.2	3.0	3.4	3.7
Construction	18.3	18.5	18.7	19.8	19.3
Service-Producing Sector					
Trade	51.1	50.9	51.9	51.8	54.5
Transportation and Warehousing	17.6	17.6	18.1	17.6	19.0
Professional, Scientific and Technical Services	8.2	8.9	10.4	10.9	10.6
Management, Administrative and Other Support	7.5	8.8	9.5	9.7	11.3
Educational Services	22.6	21.7	22.2	22.4	22.5
Health Care and Social Assistance	37.5	37.7	36.6	39.5	38.7
Information, Culture and Recreation	10.9	10.5	10.6	11.0	13.6
Accommodation and Food Services	21.2	20.1	19.0	20.1	21.7
Other Services	17.6	18.1	18.9	19.1	19.7
Finance, Insurance, Real Estate and Leasing	14.5	14.6	13.9	13.6	13.6
Public Administration	23.1	22.0	22.2	22.9	22.9
Total	309.9	306.2	310.7	317.8	328.4

Source: Statistics Canada.

Economic Development

Economic growth is assisted by the Federal Government's Atlantic Canada Opportunities Agency ("ACOA") which was launched in June 1987 with a mandate to stimulate economic development in the Atlantic provinces. Economic growth is also supported by a Federal-Provincial Regional Economic Development Agreement (REDA) signed in 1996. The REDA is multi-sectoral with the flexibility to respond to different initiatives, which seek to expand the economy or to invest in people and skills in New Brunswick. It consists of three programs: Economic Development, Strategic Opportunities, and Planning. The cost-sharing ratio for the Agreement is 70% Federal and 30% Provincial. An amendment to the REDA was signed on August 12, 1999 adding $49.4 million to the original amount of $53.7 million, and extending its life to March 31, 2003.

REVENUE AND EXPENDITURE OF THE PROVINCE

General Information

Under the Constitution Acts, 1867 and 1982 provincial legislatures are given certain exclusive powers, including the power to impose direct taxation within the provinces to raise revenue for provincial purposes, and the power to borrow money on the sole credit of the provinces.

The *Financial Administration Act* governs the receipt of public money, the disbursement of public funds, the control of expenditures and the keeping and auditing of public accounts of the Province. All public monies are to be deposited to the credit of the Province and constitute the Consolidated Fund of the Province. Monies necessary for the carrying out of the operations of the Provincial Government for each fiscal year are voted by the Legislative Assembly, with the exception of those expenditures for which provision has already been made through existing legislative authority. In addition, under the authority of the *Financial Administration Act*, should the occasion arise when the Legislative Assembly is not in session, the Lieutenant-Governor in Council may order the issue of a special warrant authorizing payment out of the Consolidated Fund for an expenditure required urgently for the public good which was not provided for by the Legislative Assembly. Amounts appropriated under special warrant must be approved at the next session of the Legislative Assembly.

In accordance with the *Financial Administration Act* and certain other Acts, funds received for a special purpose are to be disbursed for that purpose. Unlike regular appropriations, any unspent balance of these funds may be carried forward to subsequent fiscal years. At March 31, 2000, the balance of unspent special purpose funds was $49.7 million.

During the fiscal year ended March 31, 1994, the Province established a Special Operating Agency in accordance with the *Regional Development Corporation Act* to account for the infrastructure program. The Agency also assists in administering several other grant programs of the Province. The Special Operating Agency derives its revenue from grants from Provincial departments and from contributions from the Federal Government. During the fiscal year ended March 31, 1996, the Province established two additional Special Operating Agencies, Vehicle Management and New Brunswick Integrated Justice. The Vehicle Management Special Operating Agency exists to maintain the Provincial fleet of vehicles and heavy equipment while the New Brunswick Integrated Justice Special Operating Agency became inactive on April 1, 1998. During the fiscal year ended March 31, 1997, the New Brunswick Community College Special Operating Agency was established to financially administer the Province's community colleges. In addition, during the fiscal year ended March 31, 1998, the New Brunswick Safety Code Services Special Operating Agency was established for the enforcement of safety regulations affecting electrical, plumbing, elevating, boiler and pressure vessels, and natural gas installations. Unlike regular appropriations, any unspent balance of these funds may be carried forward to subsequent fiscal years. At March 31, 2000, the balance of unspent special operating funds, was $15.9 million. All transactions between the Special Operating Agencies and Provincial departments are eliminated from the Province's combined statement of revenue and expenditure.

All public accounts are subject to review by the Auditor General, an official responsible under the provisions of the *Auditor General Act* for the examination of the accounts of the Province and for reporting thereon annually to the Legislative Assembly.

At the commencement of each fiscal year, the Minister of Finance delivers a budget and the Estimates of Revenue and Expenditure (the "Budget Estimates") to the Legislative Assembly. As part of the Province's financial reporting system, the Minister of Finance reports on the status of the budget plan during the year. The Budget Estimates include the revenue and expenses of some Provincially-created Boards, Commissions and Crown corporations, or the net profits of such entities, or the Provincial contribution towards the operations of such entities, as well as funds advanced through such entities to various individuals and enterprises in the form of repayable loans and investments.

In March, 2000 a restructuring of government departments was undertaken. The responsibilities of some departments were combined with others to create wholly new departments while others were, for the most part, left intact. The following new departments were created: Investment and Exports; Business New Brunswick; Training and Employment Development; Food Production; Public Safety; Environment and Local Government; and Family and Community Services. The responsibilities of the following departments were shifted to the new departments: Human Resources Development; Housing; Solicitor General; Labour; Economic, Development, Tourism and Culture; Agriculture and Rural Development; Fisheries and Aquaculture; Health and Community Services; and Municipalities. The remaining departments of Finance, Education, Justice and Attorney General, Transportation, Supply and Services, Natural Resources and Energy and Intergovernmental Affairs remain the same but have slightly adjusted mandates. For comparative purposes, throughout this report old departments names have been used for the most part, however, where appropriate new department names have been referred to.

During the fiscal year ended March 31, 1995, the Province adopted the recommendations of the Public Sector Accounting and Auditing Board of the Canadian Institute of Chartered Accountants ("CICA") with respect to the definition of the Reporting Entity. The Provincial Reporting Entity is comprised of certain organizations that are accountable to the Provincial Legislature. Transactions and balances of these organizations are included in the Province's financial statements through different accounting methods. The result is that the net profits of New Brunswick Power Corporation, the Workplace Health, Safety and Compensation Commission and the New Brunswick Municipal Finance Corporation are included in the Province's ordinary account revenue.

In May 1993, *An Act Respecting the Balancing of the Ordinary Expenditures and Ordinary Revenues of the Province* was enacted. The Act, which was amended in April 1995 and renamed the *Balanced Budget Act*, states that "It is the objective of the Government of New Brunswick that (a) in respect of the first fiscal period, the total amount of the ordinary expenditures for that fiscal period not exceed the total amount of the ordinary revenues for that fiscal period, and (b) in respect of each subsequent fiscal period, the total amount of the expenditures for that fiscal period not exceed the total amount of the revenues for that fiscal period". The first fiscal period under the Act was the three fiscal years ended on March 31, 1996. Subsequent fiscal periods will consist of four consecutive fiscal years with the first such period having ended on March 31, 2000. For the balanced budget period 1996-97 to 1999-00, the Province did not meet the requirements of the *Balanced Budget Act*. The cumulative difference between total expenditures and total revenues during the period was a deficit of $1,236.5 million. Major factors explaining the result are the booking of a $450 million write down of New Brunswick Power Corporation asset values in 1998-99 and recognition of the total net present value of the Fredericton-Moncton Highway, $903.8 million, as a result of eliminating the tolls in March, 2000 and the consequent change in the lease arrangement from an operating to a capital lease.

Changes in Cash Flow

The following table sets forth the changes in cash flow of the Province for the four fiscal years ended March 31, 2000 and the Budget Estimates for the fiscal year ending March 31, 2001.

COMPARATIVE STATEMENT OF CASH FLOW

	Year Ended March 31,				
	1997	1998	1999	2000	Budget Estimates 2001[1]
			(millions of dollars)		
Operating Transactions					
Surplus (Deficit)[2]	$ 66.0	$ 34.9	$(164.3)	$(895.7)	$21.3
Non-Cash Items					
Amortization of Premiums, Discounts and Issue Expenses	7.0	8.4	6.7	7.6	7.5
Foreign Exchange Expense	11.2	19.7	47.0	27.2	---
Increase in Allowance for Doubtful Accounts	36.0	43.7	87.0	46.5	38.3
Sinking Fund Earnings	(181.2)	(200.2)	(226.5)	(203.6)	(220.0)
Actual Losses Due to Foreign Exchange	(10.8)	(24.8)	(22.6)	(14.8)	
Decrease in Pension Liability	(134.6)	(189.1)	(290.0)	(176.7)	---
Increase in Deferred Revenue	374.0	(20.9)	(245.7)	0.1	
Capital Asset Acquisition Charged to Operations	246.0	232.0	286.2	1,160.3	---
Proceeds from Disposal of Capital Assets	(4.3)	(4.3)	(4.1)	(3.0)	---
Decrease (Increase) in Working Capital	(24.9)	88.7	60.9	(13.2)	---
Net Cash from Operating Activities	384.4	(11.9)	(465.4)	(65.3)	(152.9)
Investing Transaction					
Purchase of Capital Assets	(246.0)	(232.0)	(286.2)	(1,160.3)	---
Proceeds from Disposal of Capital Assets	4.3	4.3	4.1	3.0	---
(Increase) Decrease in Investments, Loans and Advances	(9.6)	(15.9)	413.9	(55.8)	(70.2)
Net Cash used in Investing Activities	(251.3)	(243.6)	131.8	(1,213.1)	(70.2)
Financing Transactions					
Cash Proceeds of Funded Debt Issued	525.2	931.5	794.8	576.1	---
Received from Sinking Fund for Redemption of Debentures and Payment of Exchange	53.4	164.5	77.5	78.8	---
Obligations under Capital Leases	10.0	19.6	(0.5)	871.5	
Sinking Fund Instalments	(95.0)	(99.3)	(104.2)	(107.4)	---
Serial Redemptions and Capital Loan Repayments	(2.0)	(2.2)	(2.4)	(1.2)	---
Funded Debt Matured	(310.1)	(739.5)	(418.3)	(313.8)	---
Net Cash from Financing Activities	181.5	274.6	346.9	1,104.0	---
Increase (Decrease) in Cash Position during Year	314.6	19.1	13.3	(174.4)	---
Cash Position - Beginning of Year	(628.1)	(313.5)	(294.4)	(281.1)	---
Cash Position - End of Year	$ $(313.5)	$ (294.4)	$ (281.1)	$(455.5)	---
Cash Represented by					
Bank Advances and Short Term Borrowing	$ (313.5)	$ (294.4)	$ (281.1)	$ (455.5)	---

[1]The Budget Estimates do not include estimates of total borrowing requirements of the Province and New Brunswick Power Corporation. For information with respect to financial requirements of the Province and New Brunswick Power Corporation and with respect to maturing debt of the Province, see "Financing-Financial Requirements", "New Brunswick Power Corporation-Financial Requirements" and "Financing-Funded Debt Maturity Schedule", respectively.
[2]For further information see Table IV in "Tables and Supplementary Information of the Province."
[3]The Budget Estimates do not include estimates of these amounts.

2000 Budget Estimates

For the fiscal year ended March 31, 2000, the budgetary surplus from operations before unusual items was $8.1 million. The change of $4.2 million from the Budget Estimate of $12.3 million, was the result of revenue being $181.0 million higher than budget, while expenditures were $185.2 million above budget.

The previously unrecorded obligation, of $903.8 million for the Fredericton-Moncton Highway Project has now been reflected as debt resulting in an increase in the province's net debt of $895.7 million. The $903.8 million represents the total capital cost of the Fredericton-Moncton Highway Project including construction financing until the full traffic availability date of November 30, 2001.

Ordinary account revenue was $112.2 million higher than Budget Estimates primarily due to an increase in personal income tax revenue of $45.3 million, an increase in investment income of $47.6 million, an increase in fiscal equalization payments of $117.1 million and an increase in the Canada Health and Social Transfer of $45.2 million. This increase was partially offset by a decrease in harmonized sales tax revenue of $51.0 million and a decrease in harmonization transitional payments of $115.0 million.

Ordinary account expenditure was $125.9 million higher than Budget Estimates principally due to additional costs incurred for various health care programs, the Voluntary Early Retirement Window reflecting 1336 plan members electing to retire by March 31, 2002, the establishment of additional allowances for a number of receivables deemed uncollectible, and winter maintenance of highways. The higher expenditures were partially offset by savings in the two largest pension plans due to the improved overall financial status of the plans and a reduction in the social assistance caseload.

Capital Account expenditure was $12.9 million higher than budget. The main reason for the difference was a $6 million provision to record the Province's commitment to assist with the closure and remediation of local dumps and additional expenditures on bridges and highways.

Sinking fund earnings were $0.7 million higher than Budget Estimates.

Major Sources of Ordinary Account Revenue

The major sources of ordinary account revenue for the Province are income taxes, consumption taxes, property taxes and payments from the Federal Government. For the fiscal year ending March 31, 2001, the Province's revenue is estimated at $4,413.8 million, 0.9% lower than for the fiscal year ended March 31, 2000. The principal factors which are projected to cause the $39.5 million decrease are a decrease in personal income tax revenue ($39.3 million), decreased Fiscal Equalization Payments ($25.1 million), and decreased harmonization transitional payments ($32.0 million). This decrease is projected to be partially offset by increased harmonized sales tax revenue ($38.7 million) and an increase in the Canada Health and Social Transfer ($31.8 million). The following table shows the percentage sources of ordinary account revenue for the four fiscal years ended March 31, 2000 and the Budget Estimates for the fiscal year ending March 31, 2001.

ORDINARY ACCOUNT REVENUE SOURCES

	Year Ended March 31,					Compound Annual Growth Rate
	1997	1998	1999	2000	Budget Estimate 2001	1997-01
Taxes						
Personal Income	20.1%	19.9%	19.0%	20.2%	19.5%	1.1%
Corporate Income	6.1	6.0	3.7	4.1	4.7	(4.7)
Consumption	22.8	19.5	19.9	18.5	19.5	(2.1)[1]
Property	6.0	6.1	5.9	5.9	5.7	0.06
Miscellaneous	0.6	0.6	0.6	0.5	0.6	1.1
Total Taxes	55.6	52.1	49.1	49.2	50.0	(0.08)
Other Revenue						
Licenses, Permits and Fees	4.2	4.0	4.1	4.1	3.8	(0.01)
Federal Government Payments	34.1	37.8	50.3	39.7	39.5	5.6
Other Agencies	4.0	3.6	(5.8)	4.7	4.5	4.8
Miscellaneous	2.1	2.5	2.3	2.3	2.2	3.1
Total Revenue	100.0%	100.0%	100.0%	100.0%	100.0%	
Total Ordinary Account Revenue (in millions)	$4,104.7	$4,067.3	$4,090.4	$4,453.3	$4,413.8	1.8%

[1]Negative growth reflects a major restructuring of the New Brunswick tax system with the introduction of the Harmonized Sales Tax.

Personal and Corporate Income Taxes. Under the terms of tax collection agreements, the Federal Government administers and collects provincial personal and corporate income taxes for participating provinces, including New Brunswick. For tax years to and including 1999 the Province established its personal income tax rate as a percentage of the Basic Federal Tax. Effective for the 2000 tax year the Province has moved from the 'tax on tax' to the 'tax on taxable income' method of calculating provincial personal income tax. The 'tax on taxable income' method will offer the Province increased control and flexibility in designing its personal income tax policy. New Brunswick can now ensure the tax system better reflects its own social, economic and fiscal objectives.

For the 2000 tax year New Brunswick's personal income tax rate for the taxable income threshold up to $29,590 is 9.94%, over $29,590 up to $59,180 is 15.21% and over $59,180 is 16.96%. The existing high income surtax of 8% of provincial tax in excess of $13,500 will still apply. Families with dependent children may also receive the New Brunswick Child Tax Benefit and the New Brunswick Working Income Supplement, depending upon their income.

The corporate income tax is established as a percentage of corporate taxable income. The standard corporate income tax rate is 17% of corporate taxable income. The small business corporate income tax rate, which applies to the first $200,000 of active business income for Canadian controlled private corporations, was decreased from 6% to 4.5% effective January 1, 2000.

Harmonized Sales Tax. On October 18, 1996, the New Brunswick government signed an agreement to harmonize its sales tax with the federal Goods and Services Tax ("GST"). The new tax, officially known as the Harmonized Sales Tax ("HST"), came into effect April 1, 1997. The combined sales tax rate dropped from an effective rate of 18.77% to 15%. The new rate applies to all goods and services which were covered by the GST. This change involved a major restructuring of the New Brunswick sales tax system. Harmonization with the GST reduced the amount of total revenue from the New Brunswick sales tax by approximately $170 million annually, based on 1996-97 Budget estimates, despite the broadening of the tax base. The Federal Government provided adjustment assistance based on a set formula to ease the transition between the two tax systems. Under this formula New Brunswick received $364 million. This amount together with interest was intended to allow the Province to adjust to the new tax structure over a four year transition period.

Other rebates and credits were introduced in conjunction with the HST. Book purchasers receive a point of sale rebate on the 8% provincial portion of the HST. Matching federal rebates for the provincial portion of the HST are provided for municipalities, charities, non-profit organizations and foreign tourists. As well, the Province offers research and development assistance for universities.

Under the HST, businesses receive full input tax credits for tax paid on business purchases, which offsets the embedded sales tax in the cost of producing and selling goods and services. In order to recoup a small portion of the tax credits businesses receive, the Province introduced a large corporations capital tax. Effective April 1, 1997 the large corporations capital tax was applied to businesses with assets greater than $5 million at a rate of 0.3%. The large corporations capital tax applies to the same definition of capital as the federal Large Corporations Tax but does not apply to federally defined financial institutions formed under the laws of Canada. The tax is deductible for corporate income tax purposes.

Gasoline and Motive Fuels Tax and Tobacco Tax. The current tax rate is 10.7 cents per litre for gasoline and 13.7 cents per litre for diesel fuel. Effective November 6, 1999, the tax on cigarettes increased to 4.15 cents per cigarette and the tax on tobacco sticks increased to 3.70 cents per tobacco stick.

Property Taxes. The Province levies a real property tax of $1.50 per $100 of assessment for residences not occupied by the owner. Owner-occupied residences in unincorporated areas face a provincial property tax rate of 65 cents per $100 of assessment. Effective for the 1995 property tax year, the low income property tax allowance on eligible owner-occupied residences was enhanced. The income threshold for the $200 allowance was set at $20,000 in taxable family income. The Province also levies a non-residential property tax at the rate of $2.25 per $100 of assessment. In addition to the residential and non-residential property tax rates, the Province applies a cost of assessment levy of 2 cents per $100 of assessment on real property. In addition to the provincial tax, a municipal tax is imposed to defray the cost of providing services that are not provided by the Province. Municipal taxes are collected by the Province and, in the case of incorporated municipalities, are then remitted back to the municipality. In unincorporated areas the tax is retained, and the services paid for, by the Province.

Federal-Provincial Fiscal Arrangements

The *Federal-Provincial Fiscal Arrangements Act* was most recently amended in 2000 to incorporate changes announced in the 2000 Federal budget, and new funding announced in September, 2000.

The Equalization Program is now set for the period ending March 31, 2004. The Canada Health and Social Transfer ("CHST") formula has been established through March 31, 2006.

Fiscal Equalization Payments. New Brunswick is one of seven provinces to receive fiscal equalization payments from the Federal Government to assist them in providing a reasonably comparable level of public services at reasonably comparable levels of taxation. The program is intended to bring the per capita revenue-raising capacity of the Province up to the per capita yield for the five provinces used as the standard (British Columbia, Manitoba, Ontario, Québec and Saskatchewan). New Brunswick's equalization payment for the fiscal year ended March 31, 2000 was $1,152.1 million and for the fiscal year ending March 31, 2001 is estimated at $1,127.0 million. Fiscal equalization payments accounted for 25.9% of the total ordinary account revenue for the fiscal year ended March 31, 2000 and for 25.5% of the estimated total ordinary account revenue budgeted for the fiscal year ending March 31, 2001.

Canada Health and Social Transfer. The 1995 Federal Budget announced that effective for the fiscal year ending March 31, 1997, the major social transfers to the provinces, under Canada Assistance Plan ("CAP") and Established Programs Financing ("EPF") would be restructured. CAP and EPF have been replaced by the CHST, a block grant in support of social programs including health, post-secondary education and social services and assistance. Following the 2000 Federal Budget the total CHST cash block, including notionally allocated CHST trust funds announced in the 1999 and 2000 federal budgets, is estimated to be $15.5 billion in 2000-01. Province's can draw down their share of the trust, as they see fit, over the designated time period. The Province's CHST revenue for the fiscal year ended March 31, 2000 was $369.2 million and is estimated at $401.0 million for the fiscal year ending March 31, 2001. CHST payments accounted for 8.3% of the total ordinary account revenue for the fiscal year ended March 31, 2000 and for 9.1% of the estimated total ordinary account revenue budgeted for the fiscal year ending March 31, 2001.

Fiscal Stabilization Program. Under the Fiscal Stabilization Program, the Federal Government may make unconditional payments to a province when total revenues of that province, as per the federal definition, fall short of the previous years total due to a downturn in economic activity.

Revenue Guarantee Program. The Revenue Guarantee Program guarantees cash payments to a province if Federal income tax changes result in a 1% or greater decline in that province's personal income tax base. This program is under review, given the move by provinces from "tax on tax" to "tax on income".

Major Ordinary Account Expenditure

For the fiscal year ending March 31, 2001 the Province budgeted ordinary account expenditure of $4,472.4 million, 1.4% higher than the actual ordinary expenditures for the fiscal year ended March 31, 2000. The net increase of $63.3 million is a result of various Program Service Review reductions (such as subsidies and grants to business, short term employment programs and administrative efficiencies) and savings resulting from a reduced Income Assistance caseload offset by various increases including funding for education, health care, universities, strategic assistance, winter maintenance, debt servicing costs and salaries.

The following table shows the percentage distribution of ordinary account expenditure for the four fiscal years ended March 31, 2000 and the Budget Estimates for the fiscal year ending March 31, 2001.

ORDINARY ACCOUNT EXPENDITURE DISTRIBUTION

	Year Ended March 31,					Compound Annual Growth Rate 1997-01
	1997	1998	1999	2000	Budget Estimates 2001	
Social Services						
Education	22.5%	21.0%	19.9%	19.6%	24.5%	5.5%
Health and Community Services	33.2	32.5	33.3	34.4	26.7	(2.2)
Income Assistance	7.7	7.8	8.9	8.1	14.7	21.4
Other Social Services	2.6	2.5	2.5	2.5	2.6	2.9
Economic Development	6.9	8.4	9.9	9.5	6.1	(0.1)
Municipal Affairs	5.1	4.8	3.0	3.0	0.0	(100.0)
Transportation	3.6	3.5	3.5	3.4	3.1	(0.4)
Central Government	4.1	5.2	4.4	5.6	8.4	23.2
Service of Public Debt	14.3	14.3	14.6	13.9	13.9	2.5
Total	100.0%	100.0%	100.0%	100.0%	100.0%	
Total Expenditure (in millions)	$3,940.4	$4,003.2	$4,214.8	$4,409.1	$4,472.4	3.2

Education. Operating expenses of elementary and secondary schools and operating grants to community colleges are paid by the Province. For the fiscal year ending March 31, 2001, expenditure on education for public schooling and community colleges is estimated at $928.1 million, 20.8% of total budgeted expenditure. The Province also pays operating grants to universities estimated at $164.4 million, 3.7% of total budgeted expenditure, for the fiscal year ending March 31, 2001.

Health and Community Services. The Province pays the operating expenses of approved public hospitals to cover the cost of hospital services supplied by such hospitals. The Province also operates a comprehensive medical services payment plan (Medicare), which covers the costs of eligible medical services incurred by registered residents. For the fiscal year ending March 31, 2001, expenditure on health services is estimated at $1,196.6 million, 26.8% of total budgeted expenditure.

Income Assistance. The Province provides an income security program which includes payments to social assistance clients, the disabled, and residents of special care homes. Funds are also budgeted for exit-related programs. In addition, the Province assists individuals and families in the acquisition and/or retention of suitable accommodations within reasonable and affordable cost. For the fiscal year ending March 31, 2001, the Province budgeted $658.6 million for Income Assistance, 14.7% of total budgeted expenditure.

Other Social Services. The Other Social Services expenditure of $115.5 million represents 2.6% of total expenditure budgeted for the fiscal year ending March 31, 2001 and is made up of the Department of Justice ($31.2 million); the Department of Public Safety ($82.2 million); and a portion of General Government ($2.1 million).

Economic Development. The Economic Development expenditure of $272.3 million represents 6.1% of the total budgeted expenditure for the fiscal year ending March 31, 2001 and is made up of the Departments of: Agriculture, Fisheries and Aquaculture ($19.3 million); Business New Brunswick ($23.0 million); Environment and Local Government ($45.3 million); Natural Resources and Energy ($84.8 million); the Regional Development Corporation ($37.2 million); Investments and Exports ($41.5 million); and a portion of General Government ($21.2 million).

Transportation. For the fiscal year ending March 31, 2001, the Province budgeted $137.6 million for the planning, design and maintenance of highways and the operation of ferry services. This represents 3.1% of the total budgeted expenditure.

Central Government. The Central Government expenditure of $374.0 million estimated for the fiscal year ending March 31, 2001 represents 8.4% of total budgeted expenditure and is made up of expenditures of: the Department of Finance ($90.2 million); the Department of Supply and Services ($77.6 million); General Government ($182.8 million) and other central agencies ($23.4 million).

Service of the Public Debt. For the fiscal year ending March 31, 2001, the estimate of $623.0 million for servicing the debt of the Province, including interest, foreign exchange, amortization and other debt management expenses, represents 13.9% of the total budgeted expenditure.

Net Capital Expenditures

Expenditures for physical assets are financed primarily by borrowing, and are charged to operations as incurred. The following table shows the percentage distribution of gross capital expenditure for the four fiscal years ended March 31, 2000 and the Budget Estimates for the fiscal year ending March 31, 2001. The table also shows the total amounts of recoveries through cost-sharing agreements.

CAPITAL EXPENDITURE DISTRIBUTION

	Year Ended March 31,					Compound Annual Growth Rate
	1997	1998	1999	2000	Budget Estimates 2001	1997-01
Highways	63.3%	64.6%	54.1%	60.6%	53.5%	(23.2)%
Bridges	3.3	4.2	6.0	8.5	8.6	1.4
Schools	6.8	7.4	6.2	13.1	22.5	7.8
Hospitals	11.8	4.2	3.5	5.7	4.2	(38.4)
Land Purchase	---	---	19.2	---	---	---
Other Public Buildings	2.0	3.0	2.2	2.5	5.1	0.7
Other	10.8	16.6	8.8	9.6	6.1	(30.7)
Infrastructure Programs	2.2	---	---	---	---	---
Total	100.0%	100.0%	100.0%	100.0%	100.0%	
Total Expenditure (in millions)	$370.2	$336.9	$325.2	$296.4	$151.4	(20.0)
Total Recoveries (in millions)	92.5	80.7	41.9	43.0	11.4	(40.7)
Net Capital Expenditures (in millions)	$277.7	$256.2	$283.3	$253.4	$140.0	(15.7)

Capital recoveries for the fiscal year ending March 31, 2001 are estimated at $11.4 million, of which $9.2 million are recoveries from the Federal Government. As of March 31, 2000, the Province and the Federal Government had entered into 27 subagreements under the Regional Economic Development Agreement. These agreements involve expenditures in excess of $1,116.6 million of which the Federal Government will contribute a total of approximately 64.95%.

During the fiscal year ended March 31, 1999, an amendment was made to the Highway Improvement Program providing for expenditures of $300.0 million of which the Federal Government will contribute 50%. As of March 31, 2000 the Province had spent $96.7 million and recovered $48.1 million from the Federal Government.

Special Purpose Account

Special purpose account revenue is all revenue designated for special purpose by donor trust funds or by legislation. For the fiscal year ending March 31, 2001, such revenue is estimated to be $26.9 million and expenditures from the various accounts are estimated to be $25.0 million for a surplus of $1.9 million.

Special Operating Agencies

Revenue may be generated by the Special Operating Agencies or from transfers from other budgetary accounts. Expenditures are incurred by the agencies in delivering the programs they offer and may be of a capital or operating nature. For the fiscal year ending March 31, 2001, revenue is estimated at $147.2 million from the various agencies and expenditures at $149.1 million for a deficit of $1.9 million.

Loans and Advances

The Province has followed a policy of promoting economic development through the provision of financial assistance to industry. Such assistance has been channeled through the Department of Economic Development, Culture and Tourism, the Department of Municipalities and Housing, Provincial Holdings Ltd., the Department of Agriculture and Rural Development and the Department of Fisheries and Aquaculture and may take the form of repayable loans, guarantees of bank loans and bond issues and equity investments. Funds required for repayable loans and advances are appropriated annually by the Legislative Assembly and are included in the Province's annual borrowing requirements. Allowances for doubtful or uncollectible amounts are reviewed annually and the net balances of loans and advances less allowances are reflected in the Province's accounts. See "Tables and Supplementary Information of the Province--Table V" for information concerning loans and advances for the four fiscal years ended March 31, 2000 and the Budget Estimates for the fiscal year ending March 31, 2001.

Economic Development, Culture and Tourism. The *Economic Development Act* authorizes the Minister of Economic Development, Culture and Tourism to provide financial assistance to aid and encourage the establishment or development of industry on such terms and conditions as are specified by the Lieutenant-Governor in Council. Requests for assistance are considered by the New Brunswick Industrial Development Board which submits its recommendation to the Minister. At March 31, 2000, loans and guarantees under the Economic Development Act amounted to approximately $153.2 million. The allowance for doubtful accounts on these loans and guarantees amounted to $45.5 million.

Human Resources Development and Housing. The Department of Human Resources Development and Housing carries out the Government's housing policies. Loans are issued pursuant to the *New Brunswick Housing Act*. At March 31, 2000 loans under the *New Brunswick Housing Act* amounted to $24.9 million. The allowance for doubtful accounts on these loans totaled $2.7 million. In accordance with the recommendations of the Canadian Institute of Chartered Accountants, loans that will be repaid through future Provincial appropriations were expensed at the time of issue.

Provincial Holdings Ltd. Provincial Holdings Ltd. (PHL) is a New Brunswick company which the Province uses to invest in the equity of industrial enterprises that are based in the Province. PHL is wholly-owned by the Province, and at March 31, 2000, $16.6 million had been advanced to PHL by the Province. The allowance for doubtful accounts on the loans to PHL totaled approximately $5.4 million.

Agriculture. The Department of Agriculture and Rural Development provides aid to farmers and farm related businesses by way of loans, grants and loan guarantees to increase income and employment in rural areas of the Province. At March 31, 2000, loans and guarantees outstanding were $18.6 million. The allowance for doubtful accounts totaled $6.8 million.

Fisheries and Aquaculture. The Department of Fisheries and Aquaculture provides financial assistance mainly by way of direct loans to fishermen to purchase and operate fishing vessels and equipment. At March 31, 2000, loans and guarantees outstanding amounted to $76.7 million. The allowance for doubtful accounts totaled $60.5 million.

Commitments

Fredericton-Moncton Highway. In January 1998, the Province, through the New Brunswick Highway Corporation (NBHC) entered into agreements with a private sector consortium and the New Brunswick (F-M) Project Company Inc., a not-for-profit company, to develop, design, build, operate, manage, maintain and rehabilitate a four lane toll highway between Longs Creek and Moncton. In March, 2000 the agreements were amended to eliminate toll collection. The total capital cost of the project including construction financing until the full traffic availability date of November, 2001 is estimated to be $903.8 million.

Under these agreements, NBHC is required to lease land to the New Brunswick (F-M) Project Company Inc., which will own all improvements to those lands, in particular the four lane highway. The New Brunswick (F-M) Project Company Inc. will sublease the improvements to NBHC. NBHC is responsible for making sublease payments and traffic volume payments to the New Brunswick (F-M) Project Company Inc.

The Province was accounting for the original arrangement as an operating lease. The elimination of tolls in March, 2000 has changed the lease from an operating lease to a capital lease. The Province's Statement of Revenue and Expenditure for the year ended March 31, 2000 therefore includes, as an unusual expenditure, the total net present value of the project.

FINANCING

Borrowing Requirements

The following table provides information on the Province's ordinary account deficit or surplus, deficit or surplus from operations and increase or decrease in net debt for the four fiscal years ended March 31, 2000 and the Budget Estimates for the fiscal year ending March 31, 2001.

INCREASE (DECREASE) IN NET DEBT

	Year Ended March 31,				
	1997	1998	1999	2000	Budget Estimates 2001
			(millions of dollars)		
Ordinary Account Revenue	$4,104.7	$4,067.3	$4,090.4	$4,453.3	$4,413.8
Ordinary Account Expenditure	3,940.4	4,003.2	4,214.8	4,409.1	4,472.4
Surplus (Deficit) on Ordinary Account	164.3	64.1	(124.4)	44.2	(58.7)
Capital Account Expenditure	370.2	336.9	325.2	296.4	151.4
Capital Account Recoveries	92.5	80.7	41.9	43.0	11.4
Net Capital Expenditure	277.7	256.2	283.3	253.4	140.0
Special Purpose Account Revenues	30.2	55.7	47.7	42.8	26.9
Special Purpose Account Expenditures	31.2	35.4	39.0	35.5	25.0
Surplus (Deficit) on Special Purpose Account	(0.9)	20.3	8.7	7.3	1.9
Special Operating Agency Revenues	187.5	212.7	184.6	175.9	147.2
Special Operating Agency Expenditures	186.0	207.5	179.3	176.7	149.1
Surplus (Deficit) on Special Operating Agency	1.5	5.2	5.3	(0.8)	(1.9)
Sinking Fund Earnings	181.2	200.2	226.5	203.7	220.0
Adjustments on Consolidation	(2.4)	1.2	2.9	7.1	---
Surplus (Deficit) from operations	66.0	34.8	(164.3)	8.1	21.3
Unusual Item	---	---	---	903.8	---
(Increase) Decrease in Net Debt	$66.0	$34.8	$(164.3)	$(895.7)	$21.3

Net loans and advances, sinking fund installments and serial redemptions and the difference between the cash contributions made to the pension funds and the amounts expensed according to CICA recommendations are not included since they are non-budgetary items. Borrowing requirements associated with the budget and the aforementioned items for the fiscal year ended March 31, 2000 were $515.5 million and for the fiscal year ending March 31, 2001 are estimated at approximately $593.9 million.

Non-Public Borrowing

The Province has borrowed from two non-public sources, the Canada Pension Plan ("CPP") and the Federal Government.

The CPP is a compulsory national pension plan in which all provinces other than Quebec participate. When the Plan generates surpluses, the excess funds are invested in capital markets. In the past, funds were invested in non-marketable securities issued by participating provinces, provincially-guaranteed Crown Corporations and the Federal Government at a rate based on the Federal Government's long-term public market borrowing costs. Changes to CPP legislation in 1998 allowed for new funds flowing into the CPP to be invested in domestic and foreign equities and for provincial bonds previously issued to the CPP Investment Fund to be rolled over upon maturity on a one-time basis at a cost equal to the province's market rates. At March 31, 2000, New Brunswick had outstanding borrowings from the CPP Investment Fund of $835.2 million.

Monies borrowed from the Federal Government by way of capital loans have been made available to the Province under programs designed to create employment through construction of capital works projects by the Province and by municipalities. At April 1, 2000, the Province had no further outstanding borrowings from the Federal Government under this program.

Public Borrowing

At March 31, 2000, the Province had outstanding borrowings for Provincial purposes from non-Federal sources totaling $6,573.3 million through the issue and sale of debentures and notes, such securities being denominated in Canadian dollars, U.S. dollars, Japanese yen and Swiss francs. Not included in this amount is $2,930.3 million borrowed on behalf of New Brunswick Power Corporation.

Trend and Distribution of Borrowing

The trend and distribution of the amounts and sources of the Province's annual debt financing over the past five fiscal years is shown below:

SOURCES OF FUNDS [1]

Year Ended March 31,	Public Borrowing	Non-Public Borrowing: Canada Pension Plan	Total Borrowing
		(millions of dollars)	
1996	$698.1	$0.0	$698.1[2]
1997	530.0	0.0	530.0[3]
1998	950.0	0.0	950.0[4]
1999	800.0	0.0	800.0[5]
2000	550.0	46.9	596.9[6]
	$3,528.1	$46.9	$3,575.0

[1] Debt securities payable in foreign currencies are expressed as the Canadian dollar equivalent at the time of issue.
[2] In addition, $326.0 million was borrowed on behalf of New Brunswick Power Corporation.
[3] In addition, $70.0 million was borrowed on behalf of New Brunswick Power Corporation.
[4] No funds were borrowed on behalf of New Brunswick Power Corporation.
[5] No funds were borrowed on behalf of New Brunswick Power Corporation.
[6] In addition, $50.0 million was borrowed on behalf of New Brunswick Power Corporation.

Between April 1, 2000 and December 15, 2000, the Province borrowed $643.8 million. Of this amount, $200 million was advanced to New Brunswick Power Corporation.

Growth of Funded Debt and Capital Loans

The following tables illustrate the rate of change of the Province's outstanding funded debt and capital loans and present certain ratios relating that growth to economic indicators. The following tables do not include $326.0 million borrowed during the fiscal year 1996, $70.0 million borrowed during the fiscal year 1997 and $50.0 million borrowed during the fiscal year 2000 on behalf of New Brunswick Power Corporation.

The Province is required by legislation to pay annually into a sinking fund the Canadian currency equivalent of not less than 1% of funded debt outstanding to the Receiver General for Canada, not less than 3% of funded debt otherwise outstanding at March 31, 1980 and not less than 1% of all funded debt issued subsequent to March 31, 1980. Sinking fund installments are invested in approved securities, including direct and guaranteed obligations of the Province. Interest earned on such investments is added to the sinking fund, and is reinvested in approved securities. At March 31, 2000 the value of the sinking fund applicable to debt issued for Provincial purposes amounted to $2,925.5 million. For the fiscal year ended March 31, 2000, earnings on investments amounted to $203.7 million.

OUTSTANDING NET FUNDED DEBT AND CAPITAL LOANS

At March 31,	Gross Funded Debt[1]				Capital Loans	Total[2]	Value of Sinking Funds	Net Funded Debt and Capital Loans	Change Over Previous Year
	Canadian Dollars	United States Dollars	Japanese Yen	Swiss Francs					
	(millions of units of currency)								
1996	$4,395.7	US$1,024.5	¥19,150.0	Sfr 230.0	$7.8	$6,307.8	$2,082.1	$4,225.7	(3.2)%
1997	4,757.6	949.5	15,500.0	230.0	5.7	6,472.5	2,304.9	4,167.7	(1.4)
1998	4,995.2	949.5	12,000.0	230.0	3.6	6,685.1	2,440.0	4,245.1	1.9
1999	5,395.9	933.5	12,000.0	230.0	1.2	7,194.0	2,693.2	4,500.8	6.0
2000	5,728.7	933.5	12,000.0	175.0	0.0	7,408.5	2,925.5	4,483.0	(0.4)

[1] Debt securities issued in foreign currencies which have been hedged are reported in the currency into which they have been hedged at the rates of exchange established by such hedges.

[2] Debt securities payable in foreign currencies are expressed as the Canadian dollar equivalent at fiscal year end rates of exchange or, where hedges are in place, at the rates of exchange established by such hedges.

After a review of the sinking fund during the fiscal year ended March 31, 1991, the Province determined that due to the high level of investment earnings and sinking fund management policies the asset value was in excess of the amount required to provide for the orderly retirement of the outstanding debt. Pursuant to section 24 of the *Provincial Loans Act*, the Minister of Finance authorized the cancellation of certain Province of New Brunswick debentures held as investments by the sinking fund effective April 1, 1991.

COMPARATIVE DEBT STATISTICS[1]

	1996	1997	1998	1999	2000
			(millions of dollars)		
Gross Domestic Product at market prices	$16,349	$16,580	$16,779	$17,457	$18,390
Personal Income	14,653	14,827	15,085	15,740	16,350
Ordinary Revenue	4,052	4,105	4,067	4,090	4,453
Net Funded Debt and Capital Loans	4,226	4,168	4,245	4,501	4,483
As % of Gross Domestic Product	25.9%	25.1%	25.3%	25.8%	24.4%
As % of Personal Income	28.8	28.1	28.1	28.6	27.4
As % of Provincial Revenue	104.3	101.5	104.4	110.0	100.7

[1] The figures for Provincial Revenue and Net Funded Debt and Capital Loans are for the fiscal year ended March 31. The figures for GDP and Personal Income are for the calendar year ended December 31 of the previous year.

FUNDED DEBT MATURITY SCHEDULE
For Securities Outstanding at March 31, 2000

Year Ended March 31,	Denominated in[1]: Canadian Dollars	United States Dollars	Japanese Yen	Swiss Francs	Total in Canadian Dollars[2]
		(millions of units of currency)			
2001	$425.5	--	¥1,128.0	Sfr75.0	$507.1
2002	325.6	--	1,128.0	--	341.6
2003	323.8	US$137.0	1,128.0	--	538.9
2004	231.0	--	1,128.0	--	246.9
2005	284.5	247.5	1,128.0	--	660.2
2001-05	1,590.4	384.5	5,640.0	75.0	2,294.7
2006-10	2,401.0	150.0	5,640.0	100.0	2,786.3
2011-15	590.5	200.0	720.0	--	891.4
2016-20	646.9	49.0	--	--	718.1
2021-25	--	150.0	--	--	218.0
2026-30	500.0	--	--	--	500.0
	$5,728.8	US$933.5	¥12,000.0	Sfr175.0	$7,408.5

[1] Debt securities issued in foreign currencies which have been hedged are reported in the currency into which they have been hedged at the rates of exchange established by such hedges.
[2] Debt securities payable in foreign currencies are expressed as the Canadian dollar equivalent at the fiscal year end rates of exchange or, where hedges are in place, at the rates of exchange established by such hedges.

Between April 1, 2000 and December 15, 2000, the Province borrowed $643.8 million, of which $200 million was advanced to New Brunswick Power Corporation. The preceding table does not include these amounts.

Unfunded Debt

Since the Province follows an accrual accounting system, expenditures are allocated to the year in which they were incurred irrespective of the date of payment, resulting in the establishment of accounts payable and accrued liabilities. Such unfunded debt is not secured by debt instruments.

At March 31, 2000, the Province's unfunded debt was as follows:

UNFUNDED DEBT

	At March 31, 2000 (millions of dollars)
Bank Advances and Short Term Borrowing	$784.6
Trust Deposits	32.5
Accounts Payable	348.2
Accrued Expenditures	674.5
Deferred Revenue	340.8
Total Unfunded Debt	$2,180.6

This unfunded debt is partially offset by assets of the Province in the amount of $1,031.9 million, represented by $329.1 million of cash and short term investments, $241.4 million of accounts and interest receivable, $347.7 million of taxes receivable, $24.6 million of inventories and $89.1 million of prepaid and deferred charges.

Contingent Liabilities

The following table summarizes outstanding contingent liabilities at March 31, 2000 with comparable numbers for March 31, 1999:

CONTINGENT LIABILITIES

	At March 31,	
	1999	2000
	(millions of dollars)	
Bank Loans		
Under Various Acts	$80.8	$66.8
Less: Provision for Possible Losses	16.3	16.2
Total Contingent Liabilities	$64.5	$50.6

Due to the adoption of the definition of the Reporting Entity recommended by the Public Sector Accounting and Auditing Board of the CICA, guarantees associated with the debt of New Brunswick Power Corporation and the New Brunswick Municipal Finance Corporation are not included in the previous table. These guarantees are as follows:

	At March 31,	
	1999	2000
	(millions of dollars)	
Bonds, Debentures and Notes		
New Brunswick Power Corporation[1]	$350.0	$200.0
New Brunswick Municipal Finance Corporation	334.5	346.2
Loans from Northern Canada Power Commission to New Brunswick Power Corporation	12.7	11.2
	697.2	557.4
Less: Sinking Funds	110.1	51.2
	587.1	506.2
Accrued Interest[1]	23.3	16.4
Total	$610.4	$522.6

[1] Foreign denominated debt plus accrued interest are expressed as the Canadian dollar equivalent at fiscal year end rates of exchange.

Debt Record

The Province has always paid promptly when due the full amount of the principal of, redemption premium, if any, and interest on every direct obligation issued by it and every indirect obligation on which it has been required to implement its guarantee, all in the lawful currency of the country where payable at the time of payment thereof, subject during wartime to any applicable restrictions of laws and regulations forbidding trading with the enemy.

CONSOLIDATION OF NEW BRUNSWICK PUBLIC SECTOR DEBT

Other than the Province, New Brunswick Power Corporation, New Brunswick Municipal Finance Corporation and municipalities are the only public sector entities with outstanding debt. Municipalities, with the exception of the City of Saint John, are required to obtain approval from the Provincial Government before borrowing money for capital expenditures.

CONSOLIDATED FUNDED DEBT OF THE NEW BRUNSWICK PUBLIC SECTOR
(millions of dollars)

Province of New Brunswick	
Funded Debt	$7,408.5
Less: Sinking Funds	2,925.5
	4,483.0
Municipalities	
Funded Debt	346.2
Total Public Sector Debt	$4,829.2

Information in the foregoing table relative to the Province is at March 31, 2000 and information relative to municipalities is the amount outstanding at December 31, 1999. The figures for the Province do not include contingent liabilities of the Province in respect of its guarantees of obligations of New Brunswick Power Corporation ($160.0 million net of sinking funds of $51.2 million). Also excluded is $2,635.1 million (net of sinking funds of $295.2 million) borrowed by the Province on behalf of New Brunswick Power Corporation. This debt is paid out of the operating revenues of New Brunswick Power Corporation rather than out of Provincial revenues. Between April 1, 2000 and December 15, 2000, the Province issued funded debt in the amount of $643.8 million. Of this amount, $200 million was advanced to New Brunswick Power Corporation.

With respect to New Brunswick public sector debt (calculated at the dates set forth in the immediately preceding paragraph), total debt per capita was $6,404.8, the ratio of total debt to personal income was 0.30 and the ratio of total debt to GDP was 0.26.

PUBLIC SECTOR PENSION LIABILITIES

The *Public Service Superannuation Act* establishes a plan under which pensions are paid to most government employees and to certain employees of boards or institutions affiliated with the Province or their surviving spouses and minor dependents. Employees contribute approximately 6.0% on average of their salaries into the Public Service Superannuation Fund (PSSF). Approximately 15,891 active employees are making contributions. Non-government participating employers also make contributions. The Province is required to contribute into the PSSF an amount that is necessary, in addition to employee contributions, to cover current service cost. The Province contributed $22.0 million as the employer portion of current service cost and $31.9 million as payment toward amortizing the unfunded pension liability for the year ended March 31, 2000. The Province will contribute approximately $21.8 million for current service cost for the fiscal year ending March 31, 2001. The market value of the PSSF was $3,178.8 million as of March 31, 2000. If at any time the PSSF is unable to satisfy all pension liabilities, the deficiency will be met out of the ordinary revenue of the Province.

The *Teachers' Pension Act* establishes a plan for the payment of pensions to retired teachers or their surviving spouses and minor dependents. Teachers covered contribute approximately 7.7 % on average of their salaries into the Teachers' Pension Fund (TPF). Approximately 8470 active employees are making contributions. The Province contributed $28.6 million as the employer portion of current service cost and $58.9 million as payment toward amortizing the unfunded pension liability for the year ended March 31, 2000. The Province will contribute approximately $28.5 million for the fiscal year ending March 31, 2001. The market value of the TPF was $3,019.8 million as of March 31, 2000. If at any time the TPF is unable to satisfy all pension liabilities, the deficiency will be met out of the ordinary revenue of the Province.

On the basis of April 1, 2000 actuarial valuations, the actuarial surplus as of March 31, 2000 is $326.7 million and $219.1 million for the Public Service Superannuation Plan and Teachers' Pension Plan, respectively.

Significant actuarial assumptions used for the purposes of financial statements were:

	Short Term	Long Term
Salary escalation rate	4.50%	4.50%
Real rate of return	4.25%	4.25%
Inflation	4.00%	4.00%

The financial statements for the Public Service Superannuation Plan and Teachers' Pension Plan report unfunded liabilities of $229.9 million and $337.4 million, respectively as of March 31, 2000. The primary difference between the actuarial and accounting valuations is that accounting standards require that experience gains be amortized over the estimated average remaining service lifetime of the employees.

In the fiscal year ended March 31, 1992, the Province initiated a series of measures designed to eliminate the unfunded liability under the above noted plans. These measures included: (i) each of New Brunswick Power Corporation, Workplace Health, Safety and Compensation Commission and New Brunswick Liquor Corporation assuming responsibility for the portion of the unfunded liability attributable to their respective employees; (ii) employee contributions pursuant to the Teachers' Pension Plan being increased by 1.5% of salary and members of the Public Service Superannuation Plan contributing an additional 0.5% of salary; and (iii) the Province eliminating the remaining unfunded liability through a series of special payments, escalated annually at the rate of inflation plus 2.0%, over a period of approximately 25 to 30 years. During the fiscal year ended March 31, 2000, the Province made special payments of $31.9 million and $58.9 million into the PSSF and the TPF, respectively. The plans' actuary has advised the Province that the plans, based on the actuarial valuations set out above, are fully funded and that effective April 1, 2000 the special payments could cease. The Province has ceased making the special payments.

School district and certain hospital employees are covered under separate pension plans, which are individually operated on a fully funded basis. The total surplus is approximately $94.8 million on an actuarial basis and $57.1 million on an accounting basis as of March 31, 2000.

The Province also sponsors pension plans for provincial court judges, Members of the Legislative Assembly and the Ombudsman. Collectively they have a total actuarial unfunded liability of $45.4 million and an accounting unfunded liability of $48.3 million as of March 31, 2000.

New Brunswick Investment Management Corporation

In 1996, legislation was proclaimed establishing the New Brunswick Investment Management Corporation. The corporation acts as trustee for three public sector pension funds. The creation of the corporation assists in the development of the Provincial financial services industry and allows for cost-effective management of these pension plan assets.

NEW BRUNSWICK POWER CORPORATION

New Brunswick Power Corporation (the "Corporation"), formerly The New Brunswick Electric Power Commission, was established in 1920 under the *Electric Power Act* which provides that the Corporation is an agent of the Crown in right of the Province. The *Electric Power Act* states that the objective of the Corporation shall be "to provide for the continuous supply of energy adequate for the needs and future development of the Province and to promote economy and efficiency in the generation, distribution, supply, sale and use of power". At March 31, 2000, the Corporation operated six hydro-electric plants with a combined net generating capacity of 884 megawatts, one CANDU nuclear plant at Point Lepreau with a net generating capacity of 635 megawatts, five thermal plants with a combined net generating capacity of 2,074 megawatts and three combustion turbine plants with a combined net generating capacity of 326 megawatts. The Corporation's total net generating capacity of 3,919 megawatts constitutes 93.6% of the net generating capacity in the Province. Gross investment in all plants at March 31, 2000 was $3,731 million.

At March 31, 2000, the Corporation maintained 6,660 kilometers of transmission lines and 25,621 kilometers of distribution lines, representing a gross investment of $252 million and $651 million, respectively. The Corporation also had an investment of $389 million in terminals and substations.

Interconnections

Beginning in the early 1970s, the Corporation significantly enlarged its interconnection facilities to take advantage of its favorable geographic position between the two very large electric power systems in Québec and New England and the other two Maritime Provinces. At March 31, 2000 interconnection capacity was as follows:

INTERCONNECTION CAPACITY

Utility System	Megawatts
Québec	1,100
New England	810
Nova Scotia	500
Prince Edward Island	200
Total	2,610

On March 1, 1996, the Corporation was granted two export permits by the National Energy Board for the export of firm and interruptible energy to the United States. These export permits will remain in effect until December 31, 2006. On December 22, 1999, the Corporation was granted a third export permit for 224 MW for a 20 year period. These export permits have allowed the Corporation to implement a number of transaction agreements with entities not directly interconnected with New Brunswick to increase the range of potential business partners. The Corporation has a number of short term agreements with neighboring utilities both in the United States and in eastern Canada and other entities for the purchase and sale of energy and capacity. Additional transactions are implemented on an opportunity basis when beneficial to both parties.

Competition and Deregulation

The Corporation is organized into four business units: generation (non-nuclear); nuclear generation; transmission and distribution; and customer service and marketing. The business units are supported by a corporate services group. Merchant activities are included in the generation unit. In October, 2000, in anticipation of the establishment of regional transmission networks, the transmission and distribution business unit was separated into two units. The new transmission business unit has responsibility for transmission assets and power system operations. The distribution unit was combined with the customer service and marketing business unit to form a new business unit known as customer service.

Effective January 1, 1998, the Corporation provided open transmission access for parties to wheel power through and out of its system. The Province issued a discussion paper in February 1998 entitled "*Electricity in New Brunswick Beyond 2000*" which raised issues concerning the future of electricity generation in New Brunswick. The Province also commissioned a two-person committee to study these issues. This Committee issued its report in July 1998 entitled "*Electricity in New Brunswick and Options for its Future*" which describes options on how the Corporation could be restructured to compete in a re-regulated and competitive environment.

The Province created a Select Committee on Energy in 1998 to consider the implication of natural gas and to examine the future of the electric utility industry in the province. This Committee held public hearings on the future of electricity deregulation over the fall and winter months of 1998-99. The Committee issued their report in May, 1999 recommending a specific plan of action for de-regulation. The Province is expected to release an energy policy in the fiscal year ending March 31, 2001.

Natural Gas

The availability of natural gas coupled with new transmission access regulations is allowing the Corporation to create partnerships for infrastructure redevelopment. The Corporation's objective is to take advantage of the economic and environmental benefits of natural gas while mitigating competitive impacts. There is the likelihood that export benefits will be reduced as natural gas is utilized in New England. There is also, however, the opportunity to use natural gas to generate electricity in New Brunswick for significant benefits. The Corporation has entered into an agreement with Westcoast Energy Inc. for re-powering an existing 100 MW unit at Courtenay Bay to a 280 MW combined-cycle natural gas unit for operation in 2001. The Corporation will contribute site infrastructure and will contract to purchase the electric output during the winter months over a 20 year contract term.

Point Lepreau

1999-00 Results. During the fiscal year ended March 31, 2000, the Point Lepreau nuclear generating station operated at a capacity factor of 72 per cent compared to 84 per cent in the prior year. Though the capacity factor in 1999-00 was less than the planned capacity factor of 79 per cent due to an extension of the planned maintenance outage, Point Lepreau completed its second longest period of continuous operation since commissioning in 1982. Industrial safety was also improved with a reduction in days lost to accidents. The station issued its business plan in March, 2000, establishing the objectives, strategies and priorities required for it to be ready to refurbish and operate at a world class level. A two-year definition phase of the station refurbishment project is now underway. This $40 million investment includes preliminary engineering of components and facilities for large-scale fuel channel replacement and systems condition assessments.

Write-Off of Deferred Cost. During 1997-98, a study of the nuclear generating station revealed that the original station life would not be achieved. In 1997-98, the carrying value of the Point Lepreau nuclear generating station was reduced by $450 million and an offsetting deferred charge was recorded. This was in recognition of efforts to identify a potential new revenue stream to recover the $450 million. In 1998-99, the Corporation was not able to identify the necessary revenue stream and the deferred charge was written off against net income.

Decommissioning and Irradiated Fuel Management. Each year the Corporation charges to income an amount to provide for the estimated future costs of disposing of irradiated nuclear fuel and decommissioning the nuclear generating station to return the site to a state of unrestricted use. The last update of requirements was completed in 1996. A study is currently underway to update the requirements again. Consistent with practice in the Canadian nuclear industry, the amounts are not currently funded.

Development

Capital spending totaled $95 million in the fiscal year ended March 31, 2000 compared to $68 million in the fiscal year ended March 31, 1999. The increase was primarily due to investments in information technology, upgrades in generating facilities and infrastructure work on the transmission and distribution systems.

Financial Requirements

The Corporation estimates its capital expenditures for the five years ending March 31, 2005 to average $130 million annually.

For the same five-year period debt maturities and sinking fund requirements are estimated at $1.4 billion, net of sinking funds estimated to be available at maturity. The debt maturities include expected early redemptions of high coupon debt issues where call option opportunities exist. Of the $1.4 billion, approximately $700 million matures in the third year. The Corporation estimates that approximately 40% of the total requirement of debt retirement and capital expenditure will be provided from the Corporation's cash flow. The remainder will be provided by borrowings guaranteed or advanced by the Province. The Corporation has implemented a five year debt management strategy with the objective of minimizing interest rate risk.

Debt Reduction

Free cash flow was $196 million in the fiscal year ended March 31, 2000 compared to $189 million in the fiscal year ended March 31, 1999. Free cash flow is largely composed of operating cash flow less capital expenditures and changes in working capital. After a balance sheet adjustment for foreign exchange gains, debt reduction was $233 million compared to $123 million the previous year.

Rates

Under the *Electric Power Act*, rates are charged by the Corporation to cover all operating charges and expenses, overhead, interest and amortization charges, and to maintain "such reserve, depreciation and surplus accounts as are maintained by a properly managed corporation". Effective January 1, 1990, the Corporation became subject to rate regulation by the Board of Commissioners of Public Utilities ("Public Utilities Board"). The Lieutenant-Governor in Council may reverse or vary any rate order of the Public Utilities Board. If this occurs there is no appeal. The mandate of the Public Utilities Board does not extend to areas such as approval of borrowings or contracts for the sale or purchase of electricity outside the Province.

The *Public Utilities Act* was amended on December 10, 1993 to provide a form of "price cap" regulation. Since that date, the Corporation may implement rate increases in any fiscal year of up to 3.0% or the rate of inflation, whichever is greater, without applying to the Public Utilities Board. In addition, the Corporation must, before making any direct capital expenditures for new generating facilities, apply to the Public Utilities Board for its recommendations as to those proposed capital expenditures. The *Public Utilities Act* was also amended in November, 1997, to require the Corporation to apply to the Public Utilities Board for its recommendations before making any expenditure in excess of $75 million in relation to the decommissioning of a generating facility or a proposed maintenance program or a proposed upgrading program for a generating facility or a combination of such programs for a generating facility.

Rate increases in the past five fiscal years are shown in the following table:

AVERAGE RATE INCREASES

	Year Ended March 31,				
Customer Classification	**1996**[1]	**1997**[2]	**1998**[3]	**1999**[4]	**2000**
Residential	2.4%	3.4%	3.4%	3.4%	0.0%
General Service	1.5	2.2	2.3	2.2	0.0
Industrial	2.0	2.9	2.9	2.9	0.0
Wholesale	2.0	2.9	2.9	2.9	0.0
Street Lights	2.0	1.5	0.0	0.0	0.0

[1] Increase effective December 1, 1995.
[2] Increase effective October 1, 1996.
[3] Increase effective October 1, 1997.
[4] Increase effective October 1, 1998.

An increase of $1.00 per unit for water heater rentals was implemented effective October 1, 1999.

Statistical Information

The following table sets forth certain information with respect to the peak demand and capacity for each of the fiscal years 1996 through 2000.

PEAK DEMAND AND CAPACITY

Year Ended March 31,	In-Province Peak Demand	Out-of-Province Firm Sales[1]	Total Peak Demand	Total Net Generating Capacity[2] and Firm Capacity Purchases[1]
		(megawatts)		
1996	2,826	462	3,288	4,121
1997	2,832	487	3,319	4,160
1998	2,792	492	3,284	4,168
1999	2,786	531	3,317	4,168
2000	2,856	427	3,283	4,168

[1] At the time of the In-Province Peak Demand.

[2] On March 31, 2000, the system net generating capacity was lowered by 200 MW reflecting the sale of two surplus 100 MW combustion turbine units.

The following table sets forth certain statistical information for the five fiscal years ended March 31, 2000.

SELECTED OUTPUT AND SALES DATA

	Year Ended March 31,				
	1996	1997	1998	1999	2000
System Power Generated and Purchased (in millions of kilowatt-hours)					
Generated	12,950	14,795	17,242	20,099	17,123
Purchased	6,274	3,908	3,148	2,568	4,712
	19,224	18,703	20,390	22,667	21,835
Losses and Internal Use	1,886	1,899	1,813	2,070	1,993
Total Energy Available	17,338	16,804	18,577	20,597	19,842
Electric Sales (in millions of kilowatt-hours)					
In-Province	13,198	13,256	13,806	13,549	13,587
Out-of-Province	4,140	3,548	4,771	7,048	6,255
Total Electric Sales	17,338	16,804	18,577	20,597	19,842
Revenue from Sale of Power (in millions of dollars)					
In-Province	$801	$825	$869	$872	$888
Out-of-Province	187	182	244	304	330
Total Revenue from Sale of Power	988	1,007	1,113	1,176	1,218
Miscellaneous Revenue	30	30	27	28	30
Total Revenue	$1,018	$1,037	$1,140	$1,204	$1,248
Number of Customers (at end of period)[1]	337,122	339,550	342,095	344,086	350,633
Average Revenue per kilowatt-hour					
In-Province	6.07¢	6.22¢	6.29¢	6. 44¢	6. 54¢
Out-of-Province	4.52	5.13	5.11	4.31	5.28

[1] Includes customers served indirectly through local distribution companies in the Cities of Saint John and Edmundston (41,678 at March 31, 2000).

Operations and Financial Review

The financial information which follows is on a consolidated basis for the fiscal year ended March 31, 2000 for the Corporation and its wholly-owned subsidiary, N.B. Coal Limited. Net income was $17 million in the fiscal year ended March 31, 2000 compared to income before transfer and write-off of $18 million in the fiscal year ended March 31, 1999. The $450 million deferred charge relating to the projected life of Point Lepreau nuclear generating station, identified during the fiscal year ended March 31, 1998, was charged against income during the fiscal year ended March 31, 1999.

Total revenue amounted to $1,248 million, an increase of $44 million or 3.7% from the previous year. During the fiscal year ended March 31, 2000, revenues from sales of power in-province rose $16 million or 1.8% to $888 million. This increase was mainly due to load growth and the full year impact of the 2.9% general rate increase implemented in October 1998, offset by warmer than average winter weather in fiscal year ended March 31, 2000. Out-of-province power sales increased by $26 million or 8.6% from the previous year. The increase occurred mainly because of market conditions in New England. A wholesale market in New England was established in March 1999. The load increased in New England as the economy was buoyant and summer weather was warmer than usual. Prices in New England were higher than expected which compensated for lower sales volume.

For the fiscal year ended March 31, 2000, energy was supplied as follows:

COMPOSITION OF ENERGY SUPPLY

	Total	In Province
Hydro	13.8%	19.4%
Heavy fuel oil & combustion turbine	14.9	11.6
Orimulsion	10.9	11.8
Coal	19.0	23.6
Nuclear	19.8	25.6
Purchases	21.6	8.0
Total	100.0%	100.0%

Fuel and purchased power costs increased by $21 million or 5.6%. A significant portion of the cost increase was necessary to supply export sales, which was more than offset by higher out-of-province revenues. Major factors contributing to fuel and purchased power expense increases included fuel prices, generation mix and load increases.

Operations, maintenance and administrative expenses ("OM&A") were $315 million in the fiscal year ended March 31, 2000 compared to $277 million in the fiscal year ended March 31, 1999. This represents an increase of $38 million or 13.7%. The cost increase resulted from: longer than expected planned maintenance outage at the Point Lepreau nuclear generating station; investments in transmission and distribution, investments in information technology and a staff reduction program in generation. The staff reduction program in generation, which cost $7 million, is expected to result in future annual operating savings of approximately $8 million.

Amortization and decommissioning increased by $1 million primarily due to an increase in amortization attributable to higher capital assets.

Finance charges totaled $331 million for the fiscal year ended March 31, 2000 compared to $346 million for the previous year. This $15 million decrease is due to reduced interest costs caused by lower debt levels and reduced foreign exchange costs due to a $46 million US debt issue being retired.

At March 31, 2000, the net long-term debt of the Corporation was $2,795 million (after deducting all sinking funds and using exchange rates prevailing on that date) compared to $3,019 as at March 31, 1999. All long-term debt is guaranteed or advanced by the Province.

The following summary financial information was extracted from the audited Consolidated Financial Statements of the Corporation.

NEW BRUNSWICK POWER CORPORATION

Summary Consolidated Balance Sheet[1]

	At March 31,	
	1999	2000
	(millions of dollars)	
Assets		
Fixed Assets	$3,130	$2,996
Long-term Assets	56	17
Current Assets	275	285
Deferred Charges	205	166
Total Assets	$3,666	$3,464
Liabilities & Equity		
Long-Term Debt	$2,945	$2,578
Current Liabilities	501	628
Deferred Liabilities	218	239
Equity	2	19
Total Liabilities and Equity	$3,666	$3,464

[1]Certain comparative numbers have been re-classified to conform with the 2000 financial statement presentation.

Summary Consolidated Statement of Income[1]

	Year Ended March 31,				
	1996	1997	1998	1999	2000
	(millions of dollars)				
Revenue	$1,018	$1,037	$1,140	$1,204	$1,248
Expenditures					
Cost of Energy	357	332	404	374	395
Operations	424	450	435	466	505
Interest and exchange	300	342	344	346	331
Total Expenditure	1,081	1,124	1,183	1,186	1,231
Income (loss) before transfers and write-off	(63)	(87)	(43)	18	17
Transfers[2]	71	68	22	9	---
Income (loss) before write-off	8	(19)	(21)	27	17
Write-off of deferred cost	-	-	-	450	---
Net Income (Loss) for the year	$ 8	$ (19)	$ (21)	$(423)	$17

[1]Certain comparative numbers have been re-classified to conform with the 2000 financial statement presentation.
[2]Transfers to (from) generation equalization account, export sales stabilization account and transfer from the fuel channel removal account in 1996, 1997 and 1998. The Corporation has discontinued the practice of having reserve accounts. The balance in all accounts was eliminated in September, 1998.

Summary Consolidated Statement of Cash Flow[1]

	Year Ended March 31,				
	1996	1997	1998	1999	2000
			(millions of dollars)		
Net Income (Loss)	$ 8	$ (19)	$ (21)	$(423)	$17
Non-Cash Items	115	148	184	670	226
Net Change in Non-Cash Working Capital Balances	(11)	8	(25)	21	21
Cash Generated From Operating Activities	112	137	138	268	264
Cash Inflow (Outflow) Financing Activities	90	(79)	(84)	(186)	(169)
Cash Inflow (Outflow) Investing Activities	(164)	(69)	(70)	(79)	(68)
Net Cash Inflow (Outflow)	38	(11)	(16)	3	27
Cash Position at Beginning of Year	(7)	31	20	4	7
Cash Position at End of Year	$ 31	$ 20	$ 4	$ 7	$34

[1]Certain comparative numbers have been re-classified to conform with the 2000 financial statement presentation.

TABLES AND SUPPLEMENTARY INFORMATION OF THE PROVINCE

In the following tables, the revenue and expenditure for the four fiscal years ended March 31, 2000 have been extracted from the Public Accounts for such years (subject to certain adjustments for purposes of comparability). For the fiscal year ending March 31, 2001, the numbers have been extracted from the Budget and the forecast of revenue and expenditure published in the Budget Estimates. Revenue and expenditure are expressed on a net basis.

TABLE I - COMPARATIVE STATEMENT OF ORDINARY REVENUE

	Year Ended March 31,				
	1997	1998	1999	2000	Budget Estimates 2001
			(millions of dollars)		
Own Source					
Taxes	$2,283.5	$2,117.7	$2,008.2	$2,192.7	$2,210.0
Investment Income[1]	164.2	144.4	(237.8)	208.3	195.6
Licences and Permits	90.1	86.1	88.9	98.6	92.5
Sale of Goods and Services	80.0	82.1	81.4	82.2	80.1
Royalties	57.9	57.7	59.8	59.6	62.9
Return on Investment	22.6	20.5	19.6	23.4	19.0
Fines and Penalties	1.5	1.3	1.3	1.8	1.4
Other	2.4	21.8	13.7	18.4	12.1
Total - Own Source	2,702.2	2,531.6	2,035.1	2,685.0	2,673.6
Grants from Canada					
Unconditional Grants - Canada	1,314.7	1,399.3	1,866.7	1,589.2	1,563.9
Conditional Grants - Canada	87.8	136.4	188.6	179.1	176.3
Total Grants - Canada	1,402.5	1,535.7	2,055.3	1,768.3	1,740.2
Total Ordinary Revenue	$4,104.7	$4,067.3	$4,090.4	$4,453.3	$4,413.8

[1] Includes Lottery Revenues, New Brunswick Municipal Finance Corporation, New Brunswick Liquor Corporation, New Brunswick Power Corporation, Workplace Health, Safety and Compensation Commission.

TABLE II - COMPARATIVE STATEMENT OF ORDINARY EXPENDITURE

	Year Ended March 31,				
	1997	1998	1999	2000	Budget Estimates 2001
			(millions of dollars)		
Social Services					
Education	$ 883.2	$ 841.4	$ 836.4	$ 865.0	$ 1,094.8
Health and Community Services	1,308.1	1,299.6	1,404.3	1,519.2	1,196.6
Income Assistance	303.1	310.7	373.6	355.0	658.6
Other Social Services	103.1	99.7	107.0	111.4	115.5
	2,597.5	2,551.4	2,721.3	2,850.6	3,065.5
Economic Development	273.7	334.2	417.5	418.2	272.3
Municipal Affairs	202.8	193.4	126.7	131.0	0.0
Transportation	139.9	141.8	148.1	151.3	137.6
Central Government	162.1	208.3	184.8	247.3	374.0
	3,376.0	3,429.1	3,598.4	3,798.4	3,849.4
Service of the Public Debt	564.4	574.1	616.4	610.7	623.0
Total Ordinary Expenditure	$3,940.4	$4,003.2	$4,214.8	$4,409.1	$4,472.4

TABLE III – COMPARATIVE STATEMENT OF NET CAPITAL EXPENDITURE

	Year Ended March 31,				
	1997	1998	1999	2000	Budget Estimates 2001
			(millions of dollars)		
Expenditure:					
Highways	$233.9	$217.4	$175.6	$179.4	$81.2
Bridges	12.3	14.3	19.5	25.1	13.0
Economic and Regional Development Projects	13.9	13.8	5.6	5.0	1.9
Schools	25.2	24.9	20.3	38.8	34.0
Hospitals	43.8	14.2	11.3	17.0	6.3
Other Public Buildings	7.5	10.2	7.2	7.5	7.7
Land Purchases	---	---	62.6	0.0	---
Industrial Parks	---	1.5	2.5	3.4	0.5
Water Pollution Control Grants	2.8	2.9	0.8	2.1	2.5
Solid Waste Management	4.7	4.7	10.7	11.0	0.0
Purchase of Vehicles and Equipment	8.1	5.5	4.3	2.8	0.5
Infrastructure Programs	7.5	6.9	---	---	---
Other	10.5	20.6	4.8	4.3	3.8
Total Expenditure	370.2	336.9	325.2	296.4	151.4
Recoveries:					
Recoveries from Canada					
Highways	55.7	24.4	19.1	33.5	7.9
Economic and Regional Development Projects	6.0	6.1	8.2	7.0	1.3
Other	28.1	46.5	10.1	0.0	0.0
	89.8	77.0	37.4	40.5	9.2
Other Recoveries	2.7	3.7	4.5	2.5	2.2
Total Recoveries	92.5	80.7	41.9	43.0	11.4
Net Capital Expenditure	$277.7	$256.2	$283.3	$253.4	$140.0

TABLE IV – COMPARATIVE STATEMENT OF NET DEBT

	Year Ended March 31,				
	1997	1998	1999	2000	Budget Estimates 2001
			(millions of dollars)		
Net Debt - Beginning of year	$(5,848.5)	$(5,782.5)	$(5,747.7)	$(5,912.0)	$(6,807.7)
Ordinary Account Surplus (Deficit)	164.3	64.1	(124.4)	44.2	(58.7)
Net Capital Expenditure	(277.7)	(256.2)	(283.3)	(253.4)	(140.0)
Special Purpose Surplus (Deficit)	(0.9)	20.3	8.7	7.3	1.9
Special Operating Agency Surplus (Deficit)	1.5	5.2	5.3	(0.8)	(1.9)
Earnings from Sinking Funds	181.2	200.2	226.5	203.7	220.0
Adjustments on Consolidation	(2.4)	1.2	2.9	7.1	---
Surplus (Deficit) from operations	66.0	34.8	(164.3)	8.1	21.3
Unusual Item	---	---	---	(903.8)	---
Net Debt - End of year	$(5,782.5)	$(5,747.7)	$(5,912.0)	$(6,807.7)	$(6,786.4)

TABLE V – COMPARATIVE STATEMENT OF NET LOANS AND ADVANCES

	Year Ended March 31,				
	1997	1998	1999	2000	Budget Estimates 2001
			(millions of dollars)		
Disbursements:					
Agricultural Development Board and New Brunswick Crop Insurance Commission	$ 2.3	$ 2.8	$ 4.4	$ 4.2	$ 1.6[2]
Algonquin Properties Ltd.	2.1	1.0	1.2	1.0	0.0
Economic Development Act	18.2	44.7	22.2	28.9	58.8[1]
Fisheries Development Act	2.8	3.8	4.5	5.1	0.0
Housing	2.5	1.9	6.3	6.4	7.1
Other	---	0.2	4.2	0.2	---
	27.9	54.4	42.8	45.8	67.5
Recoveries:					
Agricultural Development Board and New Brunswick Crop Insurance Commission	2.9	0.6	0.9	1.3	1.8
Economic Development Act	5.9	14.9	23.6	13.0	6.0
Fisheries Development Act	7.5	5.4	3.3	4.4	3.9
Housing	3.1	2.8	2.6	3.0	2.5
Other	1.2	1.3	1.9	2.1	1.5
	20.6	25.0	32.3	23.8	15.7
Net Loans and Advances	$7.3	$29.4	$10.5	$22.0	$51.8

[1] For the 2000-01 fiscal year, the Economic Development Act, the Agriculture Development Board and the Fisheries Development Act are all grouped together under one program.
[2] For the 2000-01 fiscal year, this amount represents the NB Crop Insurance Commission only.

FUNDED DEBT OUTSTANDING AT MARCH 31, 2000

Date of Maturity	Interest Rate %	Sinking Fund Installment Rate(A) %	Series	Currency Amount	Amount Outstanding in Canadian Equivalent (B)	Date Issued	Reference
Repayable in U.S. Dollars:							
1 Oct. 2002	7.125	1.5 & 1	EL	US$ 257,000,000	C$ 373,549,500	Oct. 1992 Dec. 1993	2,14
29 June 2004	7.625	1.5	EY	200,000,000	290,700,000	June 1994	2
5 July 2004	7.556	1.5	EX	47,500,000	69,041,250	July 1994	2,16
20 June 2005	6.5	1.5	FH	150,000,000	218,025,000	June 1995	2
15 Feb. 2013	7.625	1.5 & 1	EO	200,000,000	290,700,000	Feb. 1993	2
15 Aug. 2013	6.75	1.5 & 1	ET	200,000,000	290,700,000	Sept. 1993	2
3 Mar. 2018	9.5	1.5 & 1	DM	139,005,000	202,043,768	Mar. 1988	7,10
15 May 2020	9.75	1.5 & 1	DU	200,000,000	290,700,000	May 1990	2
1 May 2022	8.75	1.5 & 1	EI	200,000,000	290,700,000	May 1992	2
				US$1,593,505,000	C$2,316,159,518		
Repayable in Japanese Yen:							
7 July 2000-10	5	1.5	DI	¥ 12,000,000,000	C$ 169,920,000	July 1987	8
				¥ 12,000,000,000	C$ 169,920,000		
Repayable in Swiss Francs:							
1 Mar. 2001	7.375	1.5	DY	Sfr 130,000,000	C$ 115,241,240	Mar. 1991	2
3 Nov. 2006	5.625	1.5	FQ	100,000,000	87,430,000	Mar. 1998	20
				Sfr 230,000,000	C$ 202,671,240		
Repayable in Canadian Dollars:							
1 Apr. 2000-1 Mar. 2001	11.61 - 13.39	1	CP		53,014,000	1980-1981	1
14 July 2000	7.625	1.5 & 1	FI		150,000,000	July 1995	2
31 July 2000	-	1.5	CZ		23,750,713	July 1985	2,4
13 Dec. 2000	11.25	1.5 & 1	DW		150,000,000	Dec. 1990	2
22 Feb. 2001	10.75	1.5 & 1	DQ		250,000,000	Feb. 89/91	2,7
1 Apr. 2001-1 Mar. 2002	13.66 - 17.51	1	CP		75,637,000	1981-1982	1
2 Apr. 2001	10.5	1.5 & 1	DZ		50,000,000	Apr. 1991	2
1 June 2001	9.75	1.5 & 1	EA		250,000,000	Apr.,June 1991	2,9
19 Mar. 2002	9.25	1.5 & 1	EH		200,000,000	Mar. 1992	2
1 Apr. 2002-1 Mar. 2003	12.01 - 16.53	1	CP		73,185,000	1982-1983	1
1 Apr. 2002	9.125	1.5 & 1	EE		200,000,000	Dec. 1991	2
23 May 2002	8.1	1.5	FG		20,000,000	May 1995	2
26 Aug. 2002	8.375	1.5 & 1	EK		200,000,000	Aug. 1992	2
9 Dec. 2002	8.44	1.5	EM		30,640,612	Dec. 1992	2,10
17 Mar. 2003	8	1	EQ		300,000,000	Mar.,Apr. 1993	2,13
5 Apr. 2003-1 Mar. 2004	10.92 - 12.14	1	CP		71,205,000	1983-1984	1
28 July 2003	7.5	1.5 & 1	ES		200,000,000	July 1993	2
3 Dec. 2003	7.441	1.5	EU		59,750,462	Dec. 1993	2,11
2 Apr. 2004-10 Jan. 2005	12.08 - 14.06	1	CP		67,087,000	1984-1985	1
9 June 2004	5.4	1.5	FS		50,000,000	June 1998	2
26 Aug. 2004	Floating	1.5	EZ		71,200,000	Aug. 1994	2,15
27 Sept. 2004	Floating	1.5	FB		41,101,521	Sept. 1994	2,16
1 Oct. 2004	Floating	1.5	FA		55,100,000	Sept. 1994	2,17
10 Apr. 2005-10 Dec. 2005	10.80 - 12.57	1	CP		46,125,000	1985	1
19 Apr. 2005	8.75	1.5 & 1	FE		200,000,000	Apr. 1995	2
15 Dec. 2005	7.5	1.5 & 1	FK		200,000,000	Dec. 1995	2
9 May 2006-10 Mar. 2007	9.04 - 9.97	1	CP		75,518,000	1986-1987	1
19 June 2006	7.75	1.5	FL		200,000,000	June 1996	2
16 Sept. 2006	9.75	1.5	DE		100,000,000	Sept. 1986	3
16 Oct. 2006	7.10	1.5	FM		200,000,000	Oct. 1996	2
3 Nov. 2006	5.625	1.5	FQ		54,932,240	Mar. 1998	2,18
26 Feb. 2007	6.75	1.5& 1	FN		200,000,000	Feb. 1997	2
10 Apr. 2007- 10 Mar. 2008	9.12 - 11.07	1	CP		62,396,000	1987-1988	1
11 Apr. 2008- 1 Dec. 2008	9.62 - 10.39	1	CP		59,314,000	1988	1
2 June 2008	5.70	1.5	FR		550,000,000	Mar. 1998	2,19
3 Apr. 2009-1 Mar. 2010	9.15 - 10.31	1	CP		64,307,000	1989-1990	1
02 June 2009	5.25	1.5	FU		550,000,000	May 1999 Sept. 1999	2,20
22 June 2009	10.25	1.5	DR		88,019,000	June 1989	2,8
23 Nov. 2009	10	1.5 & 1	DT		120,359,000	Nov. 1989	2,8
2 Apr. 2010- 1 Mar. 2011	10.36 - 11.04	1.5	CP		40,360,000	1990-1991	1
10 Apr. 2011-10 July 2011	9.81 - 10.04	1.5	CP		58,458,000	1991	1
31 Oct. 2011	10.125	1.5 & 1	ED		200,000,000	Oct. 1991	2
11 May 2012-10 July 2012	9.17 - 9.45	1.5	CP		41,673,000	1992	1
18 Jan. 2013	9.25	1.5 & 1	EN		200,000,000	Jan. 1993	2
28 June 2013	8.5	1.5 & 1	ER		200,000,000	June 1993	2
13 Jan. 2014	7.75	1.5	EW		200,000,000	Jan. 1994	2

12 May 2015	8.75	1.5 & 1	FF	200,000,000	May 1995	2
27 June 2017	6.75	1.5	FO	250,000,000	June 1997	2
27 Dec. 2017	6	1.5	FP	250,000,000	Nov. 1997	2
2 Apr. 2019-3 Mar. 2020	5.64 - 6.82	1.5	CP	46,892,000	1999-2000	1
27 Dec. 2028	5.65	1.5	FT	500,000,000	July 1998 Feb. 1999	2,20
15 Dec. 2029	5.75 / 6.29	1	FV	50,000,000	Dec. 1999	21
				C$ 7,650,024,548		
				C$1, 338,775,306		

Notes:

(A) Up to March 31, 1980, the sinking fund installment rate on the Series CP debentures was 3%. Commencing April 1, 1980 the minimum rate was reduced to 1%.

(B) Canadian dollar equivalents are calculated at fiscal year end rates of exchange or, where hedges are in place, at the rates of exchange established by such hedges.

References

(1) Issued to Canada Pension Plan, not negotiable, transferable or assignable. Twenty year bonds redeemable in whole, or in part, at 100% on not less than six months notice.

(2) Non-callable.

(3) Redeemable at the option of the Province on September 16, 2003 or on any date thereafter prior to maturity, as a whole or in part, on not less than 30 days notice at 100% of the principal amount plus accrued interest, if any, to the date fixed for redemption.

(4) Canadian $23,750,713 represents the amount payable under a currency exchange agreement with a counterparty for the repayment at maturity of the Province's debt of CZ 10.5% US $15,600,000 due July 31, 2000. Annual interest payment under the agreement is Canadian $2,078,187.

(5) Redeemable in whole or in part at any time on or after March 3, 2003 at par plus accrued interest on not less than 30 day's prior notice.

(6) Repayable in 20 semi-annual installments of 4.7% of the principal from July 7, 2000 to January 7, 2010 with the remaining balance due on July 7, 2010. Redeemable in whole or in part at the option of the Province on not less than 30 days notice on July 7, 2000 or any interest payment date thereafter at a premium of one half of one percent of the principal amount prepaid plus accrued interest provided that the amount prepaid is one billion yen or an integral multiple thereof or all of the loan then outstanding.

(7) In February 1991, the Province issued an additional $100,000,000 of its Series DQ notes.

(8) Pursuant to Section 24 of the Provincial Loans Act, the Minister of Finance authorized the cancellation of a portion of this issue held as an investment in Sinking Fund #7 effective April 1, 1991. The sinking fund installment is the same as that made prior to the cancellation.

(9) In June 1991, the Province issued an additional $100,000,000 of its Series EA debentures.

(10) Canadian $30,640,612 represents the amount payable under an interest rate and currency exchange agreement with a counterparty for the repayment at maturity of the Province's debt of Series EM 5.5% 3,000,000,000 Yen due December 9, 2002. Interest is payable semi-annually in Canadian dollars at the rate of 8.44% per annum.

(11) Canadian $59,750,462 represents the amount payable under an interest rate and currency swap agreement with a counterparty for the repayment at maturity of the Province's debt of series EU 5,000,000,000 Yen due December 3, 2003. Interest is payable at the rate of 7.441% semi-annually.

(12) In December 1993, the Province issued an additional US $32,000,000 of its series EL debentures.

(13) In April 1993, the Province issued an additional $100,000,000 of its series EQ debentures.

(14) US $47,500,000 represents the amount payable under an interest rate and currency swap agreement with a counterparty for the repayment at maturity of the Province's debt of Series EX 4.6% 5,000,000,000 Yen due July 5, 2004. Interest payments under the agreement are at a rate of 7.556% semi-annually in US dollars.

(15) Canadian $71,200,000 represents the amount payable under an interest rate and currency swap agreement with a counterparty for the repayment at maturity of the Province's debt of Series EZ 4.4% 5,000,000,000 Yen due August 26, 2004. Interest is payable semi-annually in Canadian dollars at a floating rate.

(16) Canadian $41,101,521 represents the amount payable under an interest rate and currency swap agreement with a counterparty for the repayment at maturity of the Province's debt of Series FB 4.7% 3,000,000,000 Yen due September 27, 2004. Interest is payable semi-annually in Canadian dollars at a floating rate.

(17) Canadian $55,100,000 represents the amount payable under an interest rate and currency swap agreement with a counterparty for the repayment at maturity of the Province's debt of Series FA 4.76% 4,000,000,000 Yen due October 1, 2004. Interest is payable quarterly in Canadian dollars at a floating rate.

(18) Swiss Franc 100,000,000 represents the amount payable under a swap transaction for the repayment at maturity of a portion of series FQ due November 3, 2006. The remaining $54,932,240 of series FQ is repayable in Canadian dollars. Interest is payable semi-annually in Canadian dollars.

(19) In October 1998, the Province issued an additional $250,000,000 of its Series FR debentures.

(20) In February 1999, the Province issued an additional $250,000,000 of its Series FT debentures.

(21) Puttable at par on 15 December 2007 at the option of the note holder with 10 calendar days notice.

FOREIGN EXCHANGE

Canada maintains a floating exchange rate for the Canadian dollar to permit the rate to be determined by fundamental market forces without intervention except as required to maintain orderly conditions.

Spot exchange rates for the U.S. dollar, Japanese yen and Swiss franc in Canada, expressed in Canadian dollars, are shown in the table below for 1995 through 1999.

Average of Noon Spot Rates	1995	1996	1997	1998	1999
U.S. Dollar	$1.3726	$1.3636	$1.3844	1.4831	$1.4859
Japanese Yen (100 yen)	1.470	1.255	1.145	1.139	1.311
Swiss Franc	1.1633	1.1051	0.9548	1.0258	0.9901

Source: Bank of Canada

SOURCES OF INFORMATION

Information included herein which is designated as being taken from a publication of the Province or Canada, or any agency or instrumentality of either, is included herein upon the authority of such publication as a public official document.

The financial statements of the Province included herein under the heading "Tables and Supplementary Information of the Province" have been taken from the Public Accounts of the Province (subject to certain adjustments for purposes of comparability) and the forecast of revenue and expenditure published in the Budget Estimates. All financial information of the Province contained herein was obtained from the annual Budget and Main Estimates, the financial reviews pertaining thereto and the Public Accounts, or was prepared by representatives of the Department of Finance in their official capacities. The information set forth under "Province of New Brunswick", and other than as described in the preceding paragraph, was prepared by representatives of the Department of Finance in their official capacities.

1999-2000
MAJOR VARIANCE ANALYSIS

Explanations of major variances are described below, first for revenue, then for expenditure. In this analysis, comparisons are made between the actual results for 1999-2000 and either the 1999-2000 budget or actual results for 1998-99.

REVENUE

PROVINCIAL SOURCES

Taxes on Consumption

Taxes on consumption were $33.7 million below budget. This was mainly due to Harmonized Sales Tax revenues being $51.0 million lower than forecast at budget. Budgeted HST revenues included anticipated gains due to changes in the allocation formula that were not realized. Actual sales tax revenues reflect a net negative prior year adjustment with respect to the 1997 to 1999 period. Current estimates of HST entitlements suggest that New Brunswick was overpaid by the federal government for 1998 and 1999. Lower HST revenues were partially offset by higher Gasoline and Motive Fuels and Tobacco Tax revenues. Gasoline and Motive Fuels Tax revenues were $12.5 million higher than budget due to a higher than anticipated volume of sales, spurred on by record construction activity. Tobacco revenues were $4.8 million higher than budget partly due to a tax increase during the year.

Taxes on Income

Taxes on income were $29.2 million above budget mainly due to higher than expected personal income tax revenues. The main factor contributing to increased personal income tax revenue was a large positive prior year adjustment of $46 million in respect of the 1998 taxation year. This increase was partially offset by lower than expected corporate income tax revenues which reflect a negative prior year adjustment of $23 million in respect of the 1998 taxation year.

Taxes on income were $145.6 million higher than in 1998-99 mainly as a result of increased personal income tax revenues. Personal income tax revenue was higher by $120.8 million due to a large positive prior year adjustment in 1999-2000 and due to growth in New Brunswick's share of basic federal tax.

Investment Income

Investment income was $51.3 million higher than budget. This was mainly the result of N.B. Power net income being $17.0 million, up from the budget forecast of nil and WHSCC net income being $17.3 million up from budget estimates of $500,000.

Investment income was $450.6 million higher than in 1998-99, mainly due to the $450.0 million write down on N.B. Power's assets which occurred in 1998-99.

Other Provincial Revenue

Other Provincial Revenues were $70.7 million higher than estimated at budget mainly due to the consolidation of government organizations. Revenues from some government entities, such as Service New Brunswick and Forest Protection Limited, are not included in the province's budget estimates but appear in the year end financial statements when actual results are reported on a consolidated basis.

FEDERAL SOURCES

Canada Health and Social Transfer

The Canada Health and Social Transfer is $45.2 million higher than budget and $28.6 million higher than in 1998-99 as a result of increased funding announced in the 1999 Federal Budget. This increase includes $28 million in funding from the CHST Supplement Trust for Health Care.

Fiscal Equalization Payments

Equalization revenues were $117.1 million higher than budget primarily due to increases in revenues subject to equalization, and new population data used in the equalization formula.

Equalization revenues were $119.3 million lower than 1998-99 primarily due to large positive prior year adjustments, which occurred in 1998-99. In 1999-2000 prior year adjustments were not significant. In year equalization payments increased from 1998-99 due to the widening of fiscal disparities as measured by the equalization formula.

Harmonization Transitional Payments

Harmonization Transitional Payments were $115.0 million lower than budget and $187.0 million lower than in 1998-99 as a result of the Province changing its method of accounting for the payment. The $364.0 million in transitional funding is now being recognized as revenue when the Province has fully satisfied the conditions attached to the funding and there is no possibility that revenue recognized could become repayable to the Federal Government. Accordingly $11.0 million was recognized in 1997-98, $253.0 million in 1998-99 and $66.0 million in 1999-2000.

EXPENDITURE

Education

The Teachers' Pension plan expense was $58 million below budget, primarily because pension interest expense was less than anticipated, and amortization of experience gains was higher than anticipated.

Education expenditures were $54.3 million higher than 1998-99 because of general increases and increased expenditures on capital projects.

Health

Health expenditures were $130.8 million higher than budget and $120.5 million higher than 1998-99 because of increased costs in programs such as hospital services, family and community services, medicare, ambulance services and prescription drugs.

Income Assistance

Income assistance expenditures were $29.2 million lower than budget and $18.5 million lower than 1998-99 mainly because of reduced caseloads in Transitional Assistance and Interim Assistance programs.

Justice

Justice expenditures were $4.0 million higher than budget and $4.4 million higher than 1998-99. This was primarily because of a one-time increase in the pension liability for Provincial Court Judges, which resulted from recommendations of the Judicial Remuneration Commission.

Economic Development

Economic Development expenditures were $60.1 million higher than budget. Additional expenditures included: $23 million in the Strategic Assistance Program; $6.0 million for the province's commitment to assist with the closure and remediation of local dumps and landfills; $9.8 million for Algonquin Properties Ltd. which was offset by $7.6 million in revenue; and $7.0 million for the Integrated Management Plan for Infectious Salmon Anemia, the majority of which was offset by revenue.

Economic Development expenditures were $50.3 million lower than 1998-99 due to the 1998-99 purchase of 156,000 hectares of forestland previously owned by Georgia Pacific Corporation.

Transportation

Transportation expenditures were $22.5 million higher than budget. Winter maintenance expenditures, which are dependent upon the length and severity of the winter, were $9.1 million higher than budget. As well, expenditures were $6.5 million higher due to increased activity in the Permanent Bridges and Highways programs and the Highway Improvement Program. Transportation expenditures also include $2.1 million for flood damages that were partially offset by revenues received under the Disaster Financial Assistance Agreement.

Central Government

Central Government expenditures were $7.1 million less than budget. Lower employee benefit expenses of $25.2 million were partially offset by $4.0 million for the cost of Provincial and Municipal By-elections.

The Central Government expenditures include $17 million for Service New Brunswick that is offset by $17 million in revenue.

Service of the Public Debt

Service of the Public Debt expenditures were $5.7 million lower than 1998-99. Lower foreign exchange expense as a result of the stronger Canadian dollar in 1999-2000 outweighed higher interest expense.

Voluntary Early Retirement Window

The Voluntary Early Retirement Window expenditures of $54.6 million were the result of 1336 plan members electing to retire by March 31, 2002.

UNUSUAL ITEM

Fredericton to Moncton Highway

The unusual item of $903.8 million represents the total capital cost of the Fredericton-Moncton Highway Project including construction financing until the full traffic availability date of November 30, 2001.

AUDITOR'S REPORT

To the Legislative Assembly
Province of New Brunswick

I have audited the statement of financial position of the Province of New Brunswick as at 31 March 2000 and the statements of revenue and expenditure, cash flow and net debt for the year then ended. These financial statements are the responsibility of government. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by government, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Province as at 31 March 2000 and the results of its operations and its cash flows for the year then ended in accordance with the accounting policies set out in Note 1 to the financial statements. As required by section 10 of the Auditor General Act, I report that, in my opinion, these policies have been applied on a basis consistent with that of the preceding year.

Daryl C. Wilson, FCA
Auditor General

4 August 2000

Office of the Auditor General
P.O. Box 758
Fredericton, New Brunswick E3B 5B4

STATEMENT OF FINANCIAL POSITION
as at 31 March 2000

Schedule		(millions) 2000	1999
	ASSETS		
1	Accounts and Interest Receivable	$ 241.4	$ 331.3
2	Taxes Receivable	347.7	348.8
3	Inventories	24.6	26.2
4	Prepaid and Deferred Charges	89.1	65.1
	Unrealized Foreign Exchange Losses	110.1	189.9
5	Loans and Advances	141.3	123.7
6	Investments	85.5	55.9
	Excess of Pension Assets Over Accrued Benefits (Note 13)	680.9	216.5
	Total Assets	$ 1,720.6	$ 1,357.4
	LIABILITIES		
7	Bank Advances and Short Term Borrowing	$ 455.5	$ 281.1
8	Accounts Payable	348.2	429.4
9	Accrued Expenditures	674.5	653.2
10	Allowance for Losses	16.2	16.3
11	Deferred Revenue	340.8	340.7
12	Deposits Held in Trust	32.5	29.5
13	Obligations under Capital Leases (Note 8)	900.7	29.2
	Unamortized Pension Adjustments and Valuation Allowance (Note 13)	1,276.9	989.2
		4,045.3	2,768.6
	Funded Debt (Note 11)	10,338.8	10,211.1
	Borrowing for NB Power Corporation	(2,930.3)	(3,017.1)
	Funded Debt for Provincial Purposes	7,408.5	7,194.0
	Sinking Fund Investments	(2,925.5)	(2,693.2)
		4,483.0	4,500.8
	Total Liabilities	8,528.3	7,269.4
	NET DEBT	(6,807.7)	(5,912.0)
		$ 1,720.6	$ 1,357.4

Contingent Liabilities - See Note 14
Commitments - See Note 15

The accompanying notes are an integral part of these Financial Statements.

Mike Ferguson, C.A.
Comptroller

STATEMENT OF REVENUE AND EXPENDITURE
for the fiscal year ended 31 March 2000

Schedule		2000 Budget	(millions) 2000 Actual	1999 Actual
	REVENUE			
	Provincial Sources			
14	Taxes on Consumption	$ 857.8	$ 824.1	$ 814.0
	Taxes on Property	268.5	258.1	236.8
15	Taxes on Income	1,016.0	1,045.2	899.6
16	Other Taxes	69.6	65.8	59.3
17	Licenses and Permits	95.5	105.4	94.6
18	Royalties	53.0	62.6	61.5
19	Investment Income	197.0	248.3	(202.3)
20	Other Provincial Revenue	127.5	198.2	174.6
	Sinking Fund Earnings	203.0	203.7	226.6
		2,887.9	3,011.4	2,364.7
	Federal Sources			
	Canada Health and Social Transfer	324.0	369.2	340.6
	Fiscal Equalization Payments	1,035.0	1,152.1	1,271.4
	Harmonization Transitional Payment	181.0	66.0	253.0
	Other Unconditional Grants - Canada	1.9	1.8	1.7
21	Conditional Grants - Canada	227.4	237.7	254.9
		1,769.3	1,826.8	2,121.6
	Total Revenue (Note 3)	4,657.2	4,838.2	4,486.3
	EXPENDITURE			
	Social Services			
22	Education	988.3	933.5	879.2
23	Health	1,408.4	1,539.2	1,418.7
24	Income Assistance	382.6	353.4	371.9
25	Justice	110.7	114.7	110.3
		2,890.0	2,940.8	2,780.1
26	Economic Development	449.0	509.1	559.4
27	Municipal Affairs	129.7	133.3	127.7
28	Transportation	338.9	361.4	357.2
29	Central Government	227.3	220.2	209.8
	Service of the Public Debt (Note 12)	610.0	610.7	616.4
	Voluntary Early Retirement Window	---	54.6	---
	Expenditure Before Unusual Item (Notes 3 and 16)	4,644.9	4,830.1	4,650.6
	SURPLUS (DEFICIT) FROM OPERATIONS BEFORE UNUSUAL ITEM	12.3	8.1	(164.3)
	UNUSUAL ITEM			
	Fredericton to Moncton Highway (Note 15(d))	---	903.8	---
	SURPLUS (DEFICIT) RESULTING IN (INCREASE) DECREASE IN NET DEBT FOR THE YEAR	$ 12.3	$ (895.7)	$ (164.3)

The accompanying notes are an integral part of these Financial Statements.

STATEMENT OF CASH FLOW
for the fiscal year ended 31 March 2000

	(millions) 2000	1999
OPERATING ACTIVITIES		
(Increase) Decrease in Net Debt for the Year	$ (895.7)	$ (164.3)
Non Cash Items		
Amortization of Premiums, Discounts and Issue Expenses	7.6	6.7
Foreign Exchange Expense	27.2	47.0
Increase in Allowance for Doubtful Accounts	46.5	87.0
Sinking Fund Earnings	(203.7)	(226.6)
Actual Losses Due to Foreign Exchange	(14.8)	(22.6)
Decrease in Pension Liability (Note 13)	(176.7)	(289.9)
Increase (Decrease) in Deferred Revenue	0.1	(245.7)
Capital Asset Acquisitions Charged to Operations	1,160.3	286.2
Proceeds from Disposal of Capital Assets	(3.0)	(4.0)
(Increase) Decrease in Working Capital (Note 18)	(13.1)	60.9
Net Cash From (Used in) Operating Activities	(65.3)	(465.3)
INVESTING ACTIVITIES		
Purchase of Capital Assets	(1,160.3)	(286.2)
Proceeds from Disposal of Capital Assets	3.0	4.0
(Increase) Decrease in Investments, Loans and Advances	(55.8)	413.9
Net Cash From (Used in) Investing Activities	(1,213.1)	131.7
FINANCING ACTIVITIES		
Proceeds from Issuance of Funded Debt	576.1	794.8
Received from Sinking Fund for Redemption of Debentures and Payment of Exchange	78.8	77.5
Increase (Decrease) in Obligations under Capital Leases	871.5	(0.5)
Sinking Fund Instalments	(107.4)	(104.2)
Serial Redemptions and Capital Loan Repayments	(1.2)	(2.4)
Funded Debt Matured	(313.8)	(418.3)
Net Cash From Financing Activities	1,104.0	346.9
INCREASE (DECREASE) IN CASH POSITION DURING YEAR	(174.4)	13.3
CASH POSITION - BEGINNING OF YEAR	(281.1)	(294.4)
CASH POSITION - END OF YEAR	$ (455.5)	$ (281.1)
CASH REPRESENTED BY		
Bank Advances and Short Term Borrowing	$ (455.5)	$ (281.1)

The accompanying notes are an integral part of these Financial Statements.

STATEMENT OF NET DEBT
for the fiscal year ended 31 March 2000

	(millions) 2000	1999
NET DEBT - BEGINNING OF YEAR	**$ (5,912.0)**	$ (5,747.7)
SURPLUS (DEFICIT) RESULTING IN (INCREASE) DECREASE IN NET DEBT FOR THE YEAR	**(895.7)**	(164.3)
NET DEBT - END OF YEAR	**$ (6,807.7)**	$ (5,912.0)

The accompanying notes are an integral part of these Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2000

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Provincial Reporting Entity

In these financial statements, the Province is defined as the Provincial Reporting Entity. The Provincial Reporting Entity is comprised of certain organizations that are accountable to the Legislature. These accountable organizations are the Consolidated Fund, the General Sinking Fund and certain agencies, commissions and corporations. The agencies, commissions and corporations included in this definition are identified below.

Transactions and balances of organizations are included in these financial statements through one of the following accounting methods:

Consolidation method - This method combines the accounts of distinct organizations. It requires uniform accounting policies for the organizations. Inter-organizational balances and transactions are eliminated under this method. This method reports the organizations as if they were one organization.

Modified equity method - This method is used for government enterprises. Government enterprises are defined in note 9 to these financial statements. The modified equity method reports a government enterprise's net assets as an investment in the Province's Statement of Financial Position. The net income of the government enterprise is reported as investment income in the Province's Statement of Revenue and Expenditure. Inter-organizational transactions and balances are not eliminated. All gains or losses arising from inter-organizational transactions between government enterprises and other government organizations are eliminated. The accounting policies of government enterprises are not adjusted to conform with those of other government organizations.

Equity method – This method of accounting is used for Hospital Corporations. The accounting policies of the Hospital Corporations are adjusted to comply with the policies of the Province. The annual deficits or surpluses of the Hospital Corporations are recorded as an expenditure or revenue. The total net accumulated deficits or surpluses of the Hospital Corporations are recorded as a liability or asset. This method results in the same net position that would result from the consolidation method.

Transaction method - This method records only transactions between the Province and the other organizations.

Organizations that have been included in the Provincial Reporting Entity through consolidation are:

Algonquin Properties Limited;
Arts Development Trust Fund;
Environmental Trust Fund;
Forest Protection Limited;
Group Insurance Trust Fund;
Kingsbrae Horticultural Garden Inc.;
N.B. Agriexport Inc.;
New Brunswick Credit Union Deposit Insurance Corporation;
New Brunswick Highway Corporation;
New Brunswick Housing Corporation;
New Brunswick Investment Management Corporation;
Regional Development Corporation;
Service New Brunswick;
Sport Development Trust Fund.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2000

Government enterprises that have been included in these financial statements through modified equity accounting are:

Algonquin Golf Limited;
Lotteries Commission of New Brunswick;
New Brunswick Liquor Corporation;
New Brunswick Municipal Finance Corporation;
New Brunswick Power Corporation;
Workplace Health, Safety and Compensation Commission.

New Brunswick Hospital Corporations have been included in these financial statements using the equity method of accounting.

Certain organizations that are accountable to the Legislature have been included through the transaction method. The transaction method was used because the appropriate methods would not produce a materially different result. The determination of which entities could be excluded because of materiality was made by Board of Management. The organizations included through the transaction method are:

Advisory Council on the Status of Women;
Board of Commissioners of Public Utilities of New Brunswick;
Fundy Linen Services Inc.;
Kings Landing Corporation;
New Brunswick Crop Insurance Commission;
New Brunswick Museum;
New Brunswick Research and Productivity Council;
Premier's Council on the Status of Disabled Persons;
Provincial Holdings Ltd.;
Strait Crossing Finance Inc.;
Youth Council of New Brunswick.

b) Significant Accounting Policies

Accrual Accounting

Expenditures are recorded for all goods and services received during the fiscal year.

Revenue from Canada under the Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act, 1977, and the Canada-New Brunswick Tax Collection Agreement is accrued based on estimates provided by Canada. These estimates are subject to adjustment in future years. Such adjustments are included in revenue when Canada informs the Province of the revisions. The most recent revision included in these financial statements is dated 12 June 2000.

All other revenues and recoveries are recorded on an accrual basis.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2000

Debt Charges

Interest and other debt service charges are reported in the Statement of Revenue and Expenditure as Service of the Public Debt except as described below:

> Because government enterprises are included in the Provincial Reporting Entity through modified equity accounting, the cost of servicing their debt is not included in the Service of the Public Debt expenditure. The cost of servicing the debt of government enterprises is an expenditure included in the calculation of their net profit or loss for the year.
>
> Interest costs imputed on the Province's Accrued Pension Liability are recorded as part of pension expense, which is included in various expenditure functions.

Interest earned on the assets of the General Sinking Fund and on other provincial assets is reported as revenue.

Note 12 to these financial statements reports the components of the Service of the Public Debt Expenditure function and total debt charges.

Government Transfers

Government transfers are transfers of money, such as grants, from a government to an individual, an organization or another government for which the government making the transfer does not receive any goods or services directly in return.

Government transfers are recognized in the Province's financial statements as expenditures or revenues in the period that the events underlying the transfer occurred. Liabilities have been established for any transfers due at 31 March 2000 for which the intended recipients have met the eligibility criteria. Receivables have been established for transfers to which the Province is entitled under governing legislation, regulation or agreement.

During the year ended 31 March 2000, a supplement to the Canada Health and Social Transfer of $85.8 million was received from Canada. This is being recognized as revenue on a straight-line basis over three years.

Physical Assets

The cost of acquiring physical assets is expensed in the year of acquisition. The Statement of Financial Position does not report an amount for these assets.

Short Term Investments

Short term investments are recorded at cost.

Allowances

Allowances have been established for accounts receivable, loan guarantees and other possible losses. These allowances are disclosed in the schedules to the financial statements. The increase in these allowances charged to operations for the fiscal year ended 31 March 2000 was $46.5 million ($87.0 million 1999).

NOTES TO THE FINANCIAL STATEMENTS
31 March 2000

Concessionary Loans

There are two situations where the Province charges loan disbursements entirely as expenditures. These are:

Loan agreements which commit the Province to provide future grants to the debtor to be used to repay the loan.

Loan agreements which include forgiveness provisions if the forgiveness is considered likely.

In both these situations, the loan is charged to expenditure when it is disbursed.

Loans that are significantly concessionary because they earn a low rate of return are originally recorded as assets at the net present value of the expected future cash flows. The net present value is calculated using the Province's borrowing rate at the time the loan was issued. The difference between the nominal value of the loan and its net present value is recorded as an expenditure.

Inventories

Inventories are recorded at the lower of cost or net realizable value. Inventories include supplies for use, and goods and properties held for resale. Properties held for resale include land and fixtures acquired or constructed for the purpose of sale. Properties held for resale also include properties acquired through foreclosure. Properties acquired through foreclosure which have not been disposed of within two fiscal year ends of repossession are removed from inventory and are recorded as expenditure.

Deferred Revenue

Amounts received or recorded as receivable but not earned by the end of the fiscal year are recorded as deferred revenue.

Deposits Held in Trust

Any funds remitted to the Province and held in trust for specified persons are included in both the financial assets and liabilities of the Province. Legally established trust funds which the Province administers but does not control are not included as Provincial assets or liabilities. Note 17 to these financial statements discloses the equity balances of the trust funds administered by the Province.

Borrowing on Behalf of New Brunswick Power Corporation

The Province, as represented by the Consolidated Fund, has issued long term debt securities on behalf of New Brunswick Power Corporation in exchange for debentures with like terms and conditions.

The New Brunswick Power Corporation debentures received by the Province are reported in the Statement of Financial Position as a reduction of Funded Debt. This financing arrangement was used to obtain more favourable debt servicing costs. The transactions involving these securities, including the debt servicing costs, are not part of the budget plan of the Province's Consolidated Fund.

Foreign Currency Translation

The Province's assets, liabilities and contingent liabilities denominated in foreign currencies are translated to Canadian dollars at the year end rates of exchange, except where such items have been hedged or are subject to interest rate and currency swap agreements. In such cases, the rates established by the hedge or the agreements are used in the translation. Revenue and expenditure items are translated at the rates of exchange in effect at the respective transaction dates.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2000

Exchange gains and losses are included in the Statement of Revenue and Expenditure except for the unrealized exchange gains and losses arising on the translation of long term items, which are deferred and amortized on a straight line basis over the remaining life of the related assets or liabilities.

Leases

Long term leases, under which the Province, as lessee, assumes substantially all the benefits and risks of ownership of leased property, are classified as capital leases although certain minimum dollar thresholds are in place for practical reasons. The present value of a capital lease is accounted for as an expenditure and an obligation at the inception of the lease.

All leases under which the Province does not assume substantially all the benefits and risks of ownership related to the leased property are classified as operating leases. Each rental payment required by an operating lease is recorded as an expenditure when it is due.

Measurement Uncertainty

Measurement uncertainty is uncertainty in the determination of the amount at which an item is recognized in financial statements. This uncertainty exists when there is a variance between the recognized amount and another reasonably possible amount. Many items in these financial statements have been measured using estimates. Those estimates have been based on assumptions that reflect economic conditions.

Some examples of where measurement uncertainty exists are the establishment of allowances for doubtful accounts and the determination of pension expense.

NOTE 2 BUDGET

The budget amounts included in these financial statements are the amounts published in the Main Estimates, adjusted for transfers from the Supplementary Funding Provision Program and elimination of inter-account transactions. The Supplementary Funding Provision Program is an appropriation which provides funding to other programs for costs associated with contract settlements and other requirements not budgeted in a specific program.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2000

NOTE 3 BUDGET AND ACTUAL RESULTS BY BUDGETARY ACCOUNT

The Province budgets revenue and expenditure in five budgetary accounts: Ordinary, Capital, Special Purpose, Sinking Fund Earnings and Special Operating Agencies. Descriptions of each budgetary account as well as budget and actual results for each account are reported below.

a) Ordinary Account

Ordinary revenue includes most revenue raised through taxation, fees, fines, licenses, permits and payments from the federal government under various arrangements.

Ordinary expenditure includes the operating costs of government programs. These costs are considered to be consumed in the year of occurrence and are costs which are not funded from Special Purpose revenue or by Special Operating Agency authority.

	(millions)		
	2000	2000	1999
Ordinary Revenue by Department	Budget	Actual	Actual
Agriculture and Rural Development	$ 2.9	$ 3.4	$ 3.1
Economic Development, Tourism and Culture	5.7	10.5	6.8
Education	14.7	20.8	19.6
Environment	1.2	1.2	1.3
Finance	3,819.3	3,849.7	3,945.1
Fisheries and Aquaculture	4.1	11.4	17.5
General Government	---	0.1	---
Health and Community Services	29.1	32.2	31.3
Human Resources Development and Housing	64.0	65.0	68.1
Intergovernmental and Aboriginal Affairs	---	0.1	---
Justice	37.0	39.0	35.4
Labour	94.9	89.3	86.4
Maritime Provinces Higher Education Commission	1.0	1.2	1.3
Municipalities	1.5	4.6	6.4
Natural Resources and Energy	65.8	82.6	77.0
Office of the Comptroller	0.1	0.1	0.1
Other Agencies	94.4	135.1	(311.1)
Regional Development Corporation	17.2	13.5	13.6
Solicitor General	10.1	9.5	9.6
Supply and Services	1.1	1.7	1.6
Transportation	77.0	82.3	77.3
Total Ordinary Revenue	4,341.1	4,453.3	4,090.4

NOTES TO THE FINANCIAL STATEMENTS
31 March 2000

Ordinary Expenditure by Department	2000 Budget	(millions) 2000 Actual	1999 Actual
Agriculture and Rural Development	$ 24.7	$ 27.1	$ 23.3
Economic Development, Tourism and Culture	53.4	49.6	55.3
Education	763.8	757.9	728.4
Environment	9.9	10.1	10.1
Executive Council	3.6	3.2	3.9
Finance	18.5	16.9	17.6
Fisheries and Aquaculture	11.0	18.7	11.4
General Government	134.4	146.1	100.5
Health and Community Services	1,389.5	1,514.4	1,387.8
Human Resources Development and Housing	374.4	350.7	369.4
Intergovernmental and Aboriginal Affairs	2.7	2.6	2.0
Justice	33.0	33.5	30.1
Labour	130.9	124.2	120.7
Legislative Assembly	12.2	16.6	12.5
Maritime Provinces Higher Education Commission	160.5	160.9	159.4
Municipalities	127.1	131.0	126.7
Natural Resources and Energy	74.7	79.6	75.2
Office of the Comptroller	4.9	4.8	5.0
Office of the Premier	1.6	1.6	1.2
Regional Development Corporation	56.0	52.3	59.1
Service of the Public Debt	610.0	610.7	616.4
Solicitor General	72.3	73.0	75.5
Supply and Services	81.9	81.5	80.3
Transportation	132.2	142.1	143.0
Total Ordinary Expenditure	4,283.2	4,409.1	4,214.8
Surplus (Deficit) on Ordinary Account	$ 57.9	$ 44.2	$ (124.4)

b) Capital Account

Capital recoveries include entitlements and contributions from Canada for the construction, acquisition or major renovation of physical assets and proceeds received on disposal of government properties.

Expenditures are incurred to acquire or construct physical assets with expected lives of greater than one year. Physical assets include land, buildings, highways, bridges, wharves, ferries, vehicles and equipment. Certain minimum dollar thresholds have been established for practical reasons.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2000

Capital Recoveries by Department	2000 Budget	(millions) 2000 Actual	1999 Actual
Agriculture and Rural Development	$ 1.4	$ 1.9	$ 2.1
Economic Development, Tourism and Culture	—	—	0.4
Health and Community Services	—	—	0.9
Human Resources Development and Housing	—	—	0.1
Municipalities	—	0.4	1.1
Natural Resources and Energy	0.1	0.4	—
Regional Development Corporation	3.2	6.6	7.1
Transportation	33.9	33.7	30.2
Total Capital Recoveries	38.6	43.0	41.9
Capital Expenditure by Department			
Agriculture and Rural Development	0.3	0.2	0.3
Economic Development, Tourism and Culture	3.3	3.4	2.5
Education	1.0	0.9	1.0
Environment	7.4	13.2	11.5
General Government	1.7	—	—
Health and Community Services	9.4	9.4	5.2
Human Resources Development and Housing	0.9	0.6	0.9
Municipalities	1.7	1.6	0.1
Natural Resources and Energy	—	—	62.5
Regional Development Corporation	7.7	8.2	10.9
Supply and Services	51.2	52.3	31.0
Transportation	198.9	206.6	199.3
Total Capital Expenditure	283.5	296.4	325.2
Net Capital Expenditure	$ 244.9	$ 253.4	$ 283.3

NOTES TO THE FINANCIAL STATEMENTS
31 March 2000

c) Special Purpose Account

Revenue is designated by donor request or legislation to be used for specific purposes. Expenditures are made for those designated purposes.

(millions)

Special Purpose Revenue by Department	2000 Budget	2000 Actual	1999 Actual
Agriculture and Rural Development	$ ---	$ 0.1	$ ---
Economic Development, Tourism and Culture	4.7	2.8	4.1
Education	5.3	7.5	8.5
Environment	14.6	15.3	14.9
Finance	0.5	0.5	1.1
Health and Community Services	1.9	2.2	2.1
Human Resources Development and Housing	4.1	6.2	5.2
Justice	0.4	0.4	0.5
Labour	0.6	1.6	3.1
Municipalities	0.7	0.5	0.5
Natural Resources and Energy	1.2	1.4	1.2
Solicitor General	1.9	1.9	2.0
Supply and Services	0.5	1.9	3.8
Transportation	0.5	0.5	0.5
Total Special Purpose Revenue	36.9	42.8	47.5
Special Purpose Expenditure by Department			
Agriculture and Rural Development	---	0.1	---
Economic Development, Tourism and Culture	7.3	2.5	6.0
Education	5.5	7.7	6.0
Environment	14.6	15.7	14.5
Finance	0.1	0.1	0.1
Health and Community Services	1.5	2.4	2.6
Human Resources Development and Housing	0.8	0.8	0.2
Justice	0.4	0.4	0.4
Labour	0.6	1.1	2.4
Municipalities	0.7	0.5	0.5
Natural Resources and Energy	1.1	1.0	0.7
Solicitor General	2.0	1.8	2.0
Supply and Services	1.7	1.0	3.0
Transportation	0.5	0.4	0.5
Total Special Purpose Expenditure	36.8	35.5	38.9
Surplus on Special Purpose Account	$ 0.1	$ 7.3	$ 8.6

NOTES TO THE FINANCIAL STATEMENTS
31 March 2000

d) Sinking Fund Earnings

Sinking Fund Earnings are the earnings of the Province's General Sinking Fund, reduced by the amount recognized by the New Brunswick Power Corporation. During the fiscal year ended 31 March 2000, total earnings were $223.5 million ($246.7 million in 1999), of which $19.8 million was recognized by the New Brunswick Power Corporation ($20.1 million in 1999).

	(millions)		
	2000 Budget	2000 Actual	1999 Actual
Sinking Fund Earnings	$ 203.0	$ 203.7	$ 226.6

e) Special Operating Agencies

Revenue may be generated by the Special Operating Agencies or from transfers from other budgetary accounts.

Expenditures are incurred by the agencies in delivering the programs they offer and may be of a capital or operating nature.

The Mactaquac Golf Course Special Operating Agency is responsible for the administration of the golf course at the Mactaquac Provincial Park.

The New Brunswick Community College Special Operating Agency was created to administer the Province's community colleges.

The New Brunswick Safety Code Services Special Operating Agency is responsible for the enforcement of safety regulations affecting electrical, plumbing, elevating, boiler and pressure vessels, and gas installations.

The Regional Development Special Operating Agency exists to administer the projects under the Canada - New Brunswick Infrastructure Agreements, assist in administering the Rural Experience program and assist in administering several other grant programs of government.

The Vehicle Management Special Operating Agency exists to maintain the provincial fleet of vehicles and heavy equipment.

	(millions)		
Revenue by Special Operating Agency	2000 Budget	2000 Actual	1999 Actual
Mactaquac Golf Course	$ ---	$ 0.8	$ ---
New Brunswick Community College	74.6	87.6	89.3
New Brunswick Safety Code Services	3.3	3.8	4.0
Regional Development Corporation	2.7	20.3	29.8
Vehicle Management	64.5	63.4	61.5
Total Special Operating Agency Revenue	145.1	175.9	184.6

NOTES TO THE FINANCIAL STATEMENTS
31 March 2000

Expenditure by Special Operating Agency

Mactaquac Golf Course	$ ---	$ 0.6	$ ---
New Brunswick Community College	74.5	84.9	82.9
New Brunswick Safety Code Services	3.3	3.3	3.9
Regional Development Corporation	6.3	23.5	31.2
Vehicle Management	64.9	64.4	61.3
Total Special Operating Agency Expenditure	149.0	176.7	179.3
Surplus (Deficit) on Special Operating Agency Account	$ (3.9)	$ (0.8)	$ 5.3

f) Adjustments on Consolidation

Some of the entities included in these financial statements were not included in the Province's budget on a consolidated basis. The previous tables report actual results, before consolidation adjustments, as compared to budget. Adjustments to the actual results reported in the previous tables are required to reflect these entities on a consolidated basis.

The adjustments required are as follow:

	(millions) 2000 Actual	1999 Actual
Revenue Consolidation Adjustments		
Algonquin Properties Limited	$ 7.6	$ 6.8
Forest Protection Limited	20.7	---
Kingsbrae Horticultural Garden Inc.	0.6	0.8
N.B. Agriexport Inc.	0.4	0.3
New Brunswick Investment Management Corporation	4.6	3.6
New Brunswick Highway Corporation	916.9	13.4
Service New Brunswick	40.0	38.6
	990.8	63.5
Expenditure Consolidation Adjustments		
Algonquin Properties Limited	7.9	6.1
Forest Protection Limited	11.7	---
Kingsbrae Horticultural Garden Inc.	0.6	0.8
N.B. Agriexport Inc.	0.3	0.2
New Brunswick Investment Management Corporation	4.6	3.7
New Brunswick Highway Corporation	916.9	13.4
Service New Brunswick	41.7	36.4
	983.7	60.6
Net Revenue on Consolidation	$ 7.1	$ 2.9

NOTES TO THE FINANCIAL STATEMENTS
31 March 2000

g) Reconciliation to Statement of Revenue and Expenditure

The following table reconciles the total actual results by budgetary account to the totals reported in the Statement of Revenue and Expenditure of the Province which is prepared on a consolidated basis. In combining the various budgetary accounts, inter-account transactions have been eliminated and the revenues approved as reductions from expenditure appropriations have been added back to expenditure and reflected as revenue.

(millions)

	2000		1999	
	Revenue	Expenditure	Revenue	Expenditure
Ordinary Account	$ 4,453.3	$ 4,409.1	$ 4,090.4	$ 4,214.8
Capital Account	43.0	296.4	41.9	325.2
Special Purpose Account	42.8	35.5	47.5	38.9
Sinking Fund Earnings	203.7	—	226.6	—
Special Operating Agencies	175.9	176.7	184.6	179.3
Revenues Netted Against Expenditure	14.0	14.0	13.2	13.2
Elimination of Inter-account Transactions	(1,085.3)	(1,085.3)	(181.4)	(181.4)
Adjustments on Consolidation	990.8	983.7	63.5	60.6
	$ 4,838.2	$ 4,830.1	$ 4,486.3	$ 4,650.6
Unusual Item				
Fredericton to Moncton Highway	$ —	$ 903.8	$ —	$ —

NOTE 4 BALANCING OF EXPENDITURE AND REVENUE

The Province's Balanced Budget Act requires that total expenditures not exceed total revenues for the period commencing 1 April 1996 and ending 31 March 2000.

That Act stipulates that any change made within the last fifteen months, or after completion of the period from 1 April 1996 to 31 March 2000 in relation to the official estimates by the Government of Canada for provincial entitlements under the Federal-Provincial Fiscal Arrangements and Federal Post-Secondary Education and Health Contributions Act or the Canada-New Brunswick Tax Collection Agreement, shall not be taken into account.

The cumulative difference for the four year period ending 31 March 2000 between revenue and expenditure is as follows:

(millions)

	1997 Actual	1998 Actual	1999 Actual	2000 Actual
Revenue	$4,470.5	$4,459.4	$4,486.3	$4,838.2
Less: Changes in Provincial Entitlements from Canada				
(Section 6(1)) after December 1999	—	—	(176.2)	(28.1)
(Section 6(2)) for 1999-2000	—	—	—	(159.3)
Adjusted Revenue	4,470.5	4,459.4	4,310.1	4,650.8
Expenditure before Unusual Item	4,345.1	4,397.7	4,650.6	4,830.1
Unusual Item	—	—	—	903.8
	125.4	61.7	(340.5)	(1,083.1)
Cumulative Difference – Beginning of Year	—	125.4	187.1	(153.4)
Cumulative Difference - End of Year	$ 125.4	$ 187.1	$ (153.4)	$(1,236.5)

NOTES TO THE FINANCIAL STATEMENTS
31 March 2000

NOTE 5 LOANS AND ADVANCES

In addition to establishing budgets for the classifications referred to in note 3 to these financial statements, the Province budgets disbursements and recoveries for loans and advances. The budgeted amounts and actual results for the year ended 31 March 2000, and the actual results for the year ended 31 March 1999 are as follows:

	(millions)		
	2000 Budget	2000 Actual	1999 Actual
Disbursements			
Agricultural Development Act	$ 7.4	$ 4.2	$ 4.4
Algonquin Properties Limited	1.0	1.0	1.2
Economic Development Act	45.0	28.9	22.2
Fisheries Development Act	8.0	5.1	4.5
Housing	7.1	6.4	6.3
Greater Moncton Area Transitional Policing	3.0	0.2	3.7
Other	—	—	0.5
Total Disbursements	71.5	45.8	42.8
Recoveries			
Agricultural Development Act	1.5	1.3	0.9
Algonquin Properties Limited	—	—	0.5
Economic Development Act	7.8	13.0	23.6
Finance	0.7	0.8	0.7
Fisheries Development Act	4.0	4.4	3.3
Health	0.6	0.6	0.6
Housing	2.4	3.0	2.6
Other	0.1	0.7	0.1
Total Recoveries	17.1	23.8	32.3
Net Loans and Advances	$54.4	$22.0	$ 10.5

NOTE 6 SPECIAL PURPOSE ACCOUNTS

Special Purpose Account revenue earned but not spent accumulates as a surplus in that account and may be spent in future years for the purposes specified. At 31 March 2000, the accumulated surplus in all Special Purpose Accounts totaled $49.7 million ($42.4 million 1999). This total is recorded as a reduction in net debt.

The following table summarizes the change in the accumulated Special Purpose Account surplus.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2000

	(millions)			
	1999	2000		
	Accumulated Surplus	Revenue	Expenditure	Accumulated Surplus
Economic Development, Tourism and Culture				
Redevelopment of the Miramichi Region	$ 0.5	$ 2.0	$ 2.0	$ 0.5
Arts Development Trust Fund	1.1	0.7	0.5	1.3
Education				
Fred Magee Account	0.3	---	0.1	0.2
Self Sustaining Accounts	1.7	5.8	5.4	2.1
International Projects	2.5	1.6	2.1	2.0
Johann Wordel Account	0.1	---	---	0.1
New Brunswick Community College Scholarship Account	0.2	---	---	0.2
Environment				
Environmental Trust Fund	1.8	15.3	15.7	1.4
Finance				
Group Insurance Trust Fund	6.0	0.4	---	6.4
Strait Crossing Finance Inc.	---	0.1	0.1	---
Health and Community Services				
Hospital Liability Protection Account	0.4	1.4	1.5	0.3
Medical Research Assistance Account	3.2	0.2	0.2	3.2
Third Party Contributions	---	0.3	0.3	---
WHSCC Compensation	---	0.4	0.4	---
Human Resources Development and Housing				
CMHC Funding	18.8	6.3	0.8	24.3
Justice				
Family Support	0.1	0.4	0.4	0.1
Labour				
International Projects	1.8	1.6	1.2	2.2
Municipalities				
Library Account	0.1	---	---	0.1
Sport Development Trust Fund	0.1	0.5	0.5	0.1
Natural Resources and Energy				
Wildlife Conservation	0.6	1.4	0.9	1.1
Solicitor General				
Municipal Police Assistance Account	0.1	0.6	0.6	0.1
Victim Services Account	0.4	1.4	1.2	0.6
Supply and Services				
Land Management Account	1.6	1.9	0.9	2.6
Public/Private Partnership Projects	0.2	---	0.1	0.1
Renovation of Old Government House	0.5	---	0.2	0.3
Transportation				
Suspended Driver - Alcohol Re-education Program	---	0.3	0.3	---
National Safety Code Agreement	0.3	0.2	0.1	0.4
	$ 42.4	$ 42.8	$ 35.5	$ 49.7

NOTES TO THE FINANCIAL STATEMENTS
31 March 2000

NOTE 7 SPECIAL OPERATING AGENCIES

Revenue may be generated by the Special Operating Agencies or from transfers from other budgetary accounts. Expenditures are incurred by the agencies in delivering the programs they offer and may be of a capital or operating nature.

Special Operating Agency account revenue earned but not spent in any year, accumulates as a surplus in that account and may be spent in future years. As at 31 March 2000, the accumulated surplus in all Special Operating Agency accounts totaled $15.9 million ($16.7 million 1999). This total is recorded as a reduction in net debt. The following table summarizes the change in the accumulated Special Operating Agency surplus during 1999-2000.

	(millions)			
	1999	2000		
	Accumulated Surplus	Revenue	Expenditure	Accumulated Surplus
Economic Development, Tourism and Culture				
Mactaquac Golf Course	$ ---	$ 0.8	$ 0.6	$ 0.2
Education				
New Brunswick Community College	9.0	87.6	84.9	11.7
Labour				
New Brunswick Safety Code Services	0.2	3.8	3.3	0.7
Regional Development Corporation				
Regional Development Corporation	5.6	20.3	23.5	2.4
Transportation				
Vehicle Management	1.9	63.4	64.4	0.9
	$ 16.7	$ 175.9	$ 176.7	$ 15.9

NOTE 8 OBLIGATIONS UNDER CAPITAL LEASES

The total future principal and interest payments for capital leases amount to $2,003.3 million ($71.5 million 1999). That amount includes $900.7 million ($29.2 million 1999) in principal and $1,102.6 million ($42.3 million 1999) in interest.

Minimum annual principal and interest payments in each of the next five years are as follows:

Fiscal Year	(millions)
2000-2001	$ 13.1
2001-2002	12.5
2002-2003	12.7
2003-2004	45.6
2004-2005	77.9

NOTES TO THE FINANCIAL STATEMENTS
31 March 2000

NOTE 9 GOVERNMENT ENTERPRISES

A Government Enterprise is an organization accountable to the Legislative Assembly that has the power to contract in its own name, has the financial and operating authority to carry on a business, sells goods and services to customers outside the Provincial Reporting Entity as its principal activity, and that can, in the normal course of its operations, maintain its operations and meet its liabilities from revenues received from sources outside the Provincial Reporting Entity.

The following is a list of Government Enterprises, and their fiscal year ends, which are included in the Provincial Reporting Entity as described in note 1 a) to these financial statements.

Algonquin Golf Limited	31-12-99
Lotteries Commission of New Brunswick (Lotteries)	31-03-00
New Brunswick Liquor Corporation (Liquor)	31-03-00
New Brunswick Municipal Finance Corporation (Municipal Finance)	31-12-99
New Brunswick Power Corporation (Power)	31-03-00
Workplace Health, Safety and Compensation Commission (WHSCC)	31-12-99

The following table presents condensed financial information of these Government Enterprises.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2000

(millions)

	Algonquin Golf Limited	Lotteries	Liquor	Municipal Finance	Power	WHSCC	Total
Assets							
Cash and Equivalents	$ ---	$ ---	$ 0.2	$ 0.1	$ 34.0	$ 510.5	$ 544.8
Receivables	---	1.3	1.2	4.2	170.0	71.9	248.6
Prepaids	---	---	0.4	---	3.0	---	3.4
Inventories	---	---	14.5	---	78.0	---	92.5
Deferred Charges	---	---	3.4	---	166.0	---	169.4
Fixed Assets	6.8	---	10.7	---	2,996.0	9.2	3,022.7
Other Assets	---	---	---	346.8	17.0	3.8	367.6
Total Assets	$ 6.8	$ 1.3	$ 30.4	$351.1	$3,464.0	$ 595.4	$4,449.0
Liabilities							
Short Term Indebtedness	$ ---	$ ---	$ 2.6	$ ---	$ 176.0	$ ---	$ 178.6
Payables	0.4	---	8.7	4.2	218.0	7.3	238.6
Reserves	2.1	---	---	---	239.0	---	241.1
Long Term Debt	4.3	---	6.5	346.2	177.2	539.1	1,073.3
Debt Funded by the Province	---	---	---	---	2,634.8	---	2,634.8
Total Liabilities	6.8	---	17.8	350.4	3,445.0	546.4	4,366.4
Equity							
Retained Earnings	---	1.3	12.6	0.7	19.0	49.0	82.6
Total Equity	---	1.3	12.6	0.7	19.0	49.0	82.6
Total Liabilities and Equity	$ 6.8	$ 1.3	$ 30.4	$351.1	$3,464.0	$ 595.4	$4,449.0
Net Income							
Revenue	$ ---	$ 86.8	$ 270.9	$ 24.3	$1,248.0	$ 153.6	$1,783.5
Expenses	---	(1.8)	(170.1)	(0.1)	(900.0)	(136.3)	(1,208.3)
Interest Expense	---	---	---	(24.2)	(331.0)	---	(355.1)
Net Income	$ ---	$ 85.0	$ 100.8	$ ---	$ 17.0	$ 17.3	$ 220.1

The financial information of Government Enterprises is prepared according to generally accepted accounting principles, using accounting policies that are appropriate for the industry segment in which they operate. These accounting policies may not be consistent with accounting policies used by other member organizations of the Provincial Reporting Entity.

Because minor adjustments are required for timing differences, the net income amounts reported in the financial statements of government enterprises may vary slightly from the investment income reported in the Province's Statement of Revenue and Expenditure.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2000

Algonquin Golf Limited

Algonquin Golf Limited was incorporated on 29 May 1998 under the New Brunswick Business Corporation Act. Its purpose is to re-develop and operate the golf course currently owned by Algonquin Properties Limited. The company is still in the development phase, and so it did not have any revenue or expenditure for the year ended 31 December 1999.

Lotteries Commission of New Brunswick

The Lotteries Commission of New Brunswick is a shareholder in Atlantic Lottery Corporation Inc. and in the Interprovincial Lottery Corporation. Atlantic Lottery Corporation Inc. is jointly owned by the four Atlantic Provinces and is responsible to develop, organize, undertake, conduct and manage lotteries in Atlantic Canada. Atlantic Lottery Corporation Inc. also markets and handles the products of the Interprovincial Lottery Corporation. The Interprovincial Lottery Corporation is a corporation jointly owned by the ten Canadian provinces.

New Brunswick Liquor Corporation

The New Brunswick Liquor Corporation was established under the New Brunswick Liquor Corporation Act. Its business activity is the purchase, distribution and sale of alcoholic beverages throughout the Province of New Brunswick.

New Brunswick Municipal Finance Corporation

The Municipal Finance Corporation was established under the New Brunswick Municipal Finance Corporation Act. Its purpose is to provide financing for municipalities and municipal enterprises through a central borrowing authority.

New Brunswick Power Corporation

The New Brunswick Power Corporation was established in 1920 under the Electric Power Act and is an agent of the Crown in right of the Province. The Corporation provides for the continuous supply of energy adequate for the needs and future development of the Province and promotes economy and efficiency in the distribution, supply, sale and use of power.

Workplace Health, Safety and Compensation Commission

The Workplace Health, Safety and Compensation Commission was established under the Workplace Health, Safety and Compensation Commission Act on 1 January 1995. It is responsible for administration of both the Occupational Health and Safety Act and the Worker's Compensation Act. The Workplace Health, Safety and Compensation Commission is dedicated to the promotion of a safe and healthy work environment and the provision of services to workplaces, employers and the injured workers of New Brunswick.

The Commission administers the payment of benefits to injured workers, levies and collects assessment revenues and invests funds. The net assets of the Commission and all assessments collected from employers can only be used for the purposes of the Commission.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2000

NOTE 10 BORROWING AUTHORITY

a) Balance of Borrowing Authority under the Provincial Loans Act

The balance of borrowing authority granted under the Provincial Loans Act is as follows:

	Balance 1999	(millions) Authority Granted During the Year	Borrowing During the Year	Balance 2000
Loan Act 1991	$ 5.5	$ —	$ 5.5	$ —
Loan Act 1997	222.5	—	215.6	6.9
Loan Act 1998	520.0	—	204.8	315.2
Loan Act 1999	—	480.0	—	480.0
	$ 748.0	$ 480.0	$ 425.9	$ 802.1

Under the authority of section 2 of the Provincial Loans Act, the maximum temporary indebtedness of the Province is $1,400.0 million. At 31 March 2000, bank advances and short term borrowing amounted to $455.5 million.

Under the authority of subsection 3(1) of the Provincial Loans Act, the Province may borrow sums required for the repayment, refinancing or renewal of securities issued or for the payment of any loan or liability, repayment of which is guaranteed by the Province. This authority is in addition to the authorities listed above.

b) Borrowing by the Municipal Finance Corporation

The New Brunswick Municipal Finance Corporation has authority under the New Brunswick Municipal Finance Corporation Act to provide financing for municipalities and municipal enterprises. As at 31 December 1999, long term debt owed by the corporation was $346.2 million.

NOTES TO THE FINANCIAL STATEMENTS
31 March 2000

NOTE 11 FUNDED DEBT OUTSTANDING

The following is a maturity schedule for the total amount of the Province's Funded Debt.

			(millions)		
Fiscal Year of Maturity	Interest Rate (%) Range	Currency Amount	Total Funded Debt	Borrowing for NB Power Corporation	Funded Debt for Provincial Purposes
2000-2001	5.0	Yen 1,128.0	$ 16.0	$ ---	
	7.4	Sfr 130.0	115.2	---	
	7.6-13.4	CAN $ 626.8	626.8	(251.0)	
			758.0	(251.0)	$ 507.0
2001-2002	5.0	Yen 1,128.0	16.0	---	
	9.3-17.5	CAN $ 575.6	575.6	(250.0)	
			591.6	(250.0)	341.6
2002-2003	7.1	US $ 257.0	373.5	(174.4)	
	5.0	Yen 1,128.0	16.0	---	
	8.0-16.5	CAN $ 823.8	823.8	(500.0)	
			1,213.3	(674.4)	538.9
2003-2004	5.0	Yen 1,128.0	16.0	---	
	7.4-12.1	CAN $ 330.9	330.9	(100.0)	
			346.9	(100.0)	246.9
2004-2005	7.5-7.6	US $ 247.5	359.0	---	
	5.0	Yen 1,128.0	16.0	---	
	5.4-14.1	CAN $ 284.5	284.5	---	
			659.5	---	659.5
2005-2006 & After	6.5-9.8	US $1,089.0	1,583.7	(784.9)	
	5.0	Yen 6,360.0	90.0	---	
	5.6	Sfr 100.0	87.4	---	
	5.2-12.6	CAN $5,008.4	5,008.4	(870.0)	
			6,769.5	(1,654.9)	5,114.6
Funded Debt before Sinking Fund Investments			10,338.8	(2,930.3)	7,408.5
Less: Sinking Fund Investments			3,220.6	(295.1)	2,925.5
Funded Debt Outstanding			$7,118.2	$(2,635.2)	$4,483.0

NOTES TO THE FINANCIAL STATEMENTS
31 March 2000

Pursuant to section 12 of the Provincial Loans Act, the Minister of Finance maintains a General Sinking Fund for the repayment of funded debt either at maturity or upon redemption in advance of maturity. At 31 March 2000, the equity of the General Sinking Fund accumulated for the repayment of Provincial Debt was $2,925.5 million ($2,693.2 million 1999). Some of the assets of this Fund are bonds and debentures issued or guaranteed by the Province of New Brunswick. The net book value of these investments at 31 March 2000 was $1,615.3 million ($1,513.1 million 1999).

Because government enterprises are included in the reporting entity through modified equity accounting, long term debt issued directly by those enterprises is not included in the amount of Funded Debt Outstanding. Note 9 to these financial statements discloses the long term debt obligations of government enterprises.

The following amounts, which are payable swap agreements, have been included in the preceding funded debt maturity schedule. They have been reflected in that schedule in the currency payable per each financial swap agreement.

	(millions) 2000		
Fiscal Year of Maturity	Amount Payable In Original Currency	Amount Payable Per Financial Swap Agreement	Canadian Dollar Equivalent
2000-2001	US $ 15.6	CAN $ 23.8	$ 23.8
2002-2003	Yen 3,000.0	CAN $ 30.6	30.6
2003-2004	Yen 5,000.0	CAN $ 59.8	59.8
2004-2005	Yen 5,000.0	US $ 47.5	69.0
2004-2005	Yen 5,000.0	CAN $ 71.2	71.2
2004-2005	Yen 4,000.0	CAN $ 55.1	55.1
2004-2005	Yen 3,000.0	CAN $ 41.1	41.1
2006-2007	CAN $ 95.1	Sfr 100.0	87.4
			$438.0

All of the swap agreements are interest rate and currency swap agreements except the Sfr 100.0 issue due 2006-2007 which is a currency swap agreement only.

The following estimated payments are required in each of the next five years to meet the sinking fund provisions of existing debt.

Fiscal Year	(millions)
2000-2001	$ 112.3
2001-2002	105.1
2002-2003	98.9
2003-2004	89.3
2004-2005	85.7

NOTES TO THE FINANCIAL STATEMENTS
31 March 2000

NOTE 12 DEBT CHARGES

The total cost of interest, exchange, amortization and related expenses is $397.9 million ($343.5 million 1999), which consists of:

	(millions) 2000	1999
Interest	$ 833.4	$ 827.4
Interest on Capital Leases	2.5	2.6
Foreign Exchange Expense	27.2	47.0
Other Expenses	8.5	7.6
	871.6	884.6
Interest Recovery for Debt Incurred for the New Brunswick Power Corporation	(260.9)	(268.2)
Service of the Public Debt	610.7	616.4
Sinking Fund Earnings	(203.7)	(226.6)
Debt Charges before Pension Interest	407.0	389.8
Pension Interest Earned	(9.1)	(46.3)
	$ 397.9	$ 343.5

NOTE 13 PENSION PLANS

a) Description

Employees of the Province and certain other entities, as well as members of the Legislative Assembly, are entitled to receive pension benefits. Pension funds distinct from the Consolidated Fund exist for each of these pension plans, except for the Members' Superannuation Plan, Members' Pension Plan and the Ombudsman Plan.

The following is a summary of contribution levels and basic member benefits for each pension plan.

Public Service Superannuation Plan (Public Service)

Employees are required to contribute 5.8% of their earnings, up to the year's maximum pensionable earnings under the Canada Pension Plan Act (YMPE), plus 7.5% on earnings above the YMPE. The Employer is required to contribute an amount necessary in the opinion of an actuary, which when combined with employee contributions will fund current service costs.

The basic pension benefit is 2.0% of the average annual salary during the highest paid continuous 5 year period integrated with the Canada Pension Plan at age 65, multiplied by the number of years pensionable service. Pension benefits are indexed annually to a maximum of 5%.

Unreduced pension benefits are available upon reaching age 60 with 5 years pensionable service. Reduced benefits are available at age 55 with 5 years of pensionable service.

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Teachers' Pension Plan (Teachers')

Employees are required to contribute 7.3% of their earnings up to YMPE plus 9% of earnings above the YMPE. The Employer makes contributions equal to the employee contributions.

The basic pension benefit is 2.0% of the average annual salary during the highest paid continuous 5 year period integrated with the Canada Pension Plan, multiplied by the number of years pensionable service. Pension benefits are indexed annually to a maximum of 4.75%.

Employees are eligible for unreduced pension benefits when the sum of their age and completed years pensionable service is 87 or more, they have a minimum of 35 years pensionable service or at age 65 with 5 years of pensionable service. Reduced benefits are available when the age and service total is 85, or at age 60 with 5 years of pensionable service.

Provincial Court Act and Provincial Court Judges' Pension Act (Judges')

Judges appointed prior to 18 February 2000 may choose either the Provincial Court Judges' Pension Act or the Judges' Pension Plan under Provincial Court Act.

a) Under Provincial Court Act (PCA), judges are required to contribute 5.8% of their earnings up to the YMPE plus 7.5% on earnings above the YMPE. The Minister of Finance at the request of Board of Management will pay out of the Consolidated Fund into Pension Trust Fund an amount not less than the amount paid by each judge. If the fund is insufficient to make payments, the Minister of Finance shall, at the request of Board of Management, pay out of Consolidated Fund into the Trust Fund sufficient amounts to make payments.

Pension benefits are equal to 60% of the final salary integrated with the Canada Pension Plan at age 65. Pension benefits are indexed annually to a maximum of 6%.

Mandatory retirement is at age 75. Unreduced benefits are available at age 60 with 25 years service or at age 65 with 10 years service.

b) Under the Provincial Court Judges' Pension Act, judges are required to contribute 7% of salary. The employer contributes an amount determined by an actuarial valuation that together with judges' contributions is necessary to cover current service cost.

Pension benefits are 2.75% per year of service up to a maximum pension of 65% calculated on average salary. Average salary is the highest average annual salary of an active judge for any period of 36 successive months. Certain provisions of the plan are considered to be a Registered Pension Plan under the provision of the Income Tax Act.

There is no integration and pension benefits are indexed annually to a maximum of 5%. A judge with 2 years on the bench can retire without reduction at age 60. A judge with 2 years of pensionable service can retire early with a 3% reduction for each year before the age of 60. There are options for judges to choose alternate survivor pensions and guarantee periods.

There is no mandatory retirement age under this plan although provisions of the PCA that do not deal with pension benefits would continue to apply.

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Members' Superannuation Plan and Members' Pension Plan (Members')

a) The Members' Superannuation Plan applies to Members of the Legislative Assembly (MLA's) who were MLA's prior to the enactment of the Members' Pension Act.

MLA's are required to contribute 9% of the MLA's indemnity plus 6% of the Minister's salary (if a Minister). These contributions are credited to the Members' Superannuation Account within the Provincial Consolidated Fund. The Province contributes an amount equal to the excess of pension payments over member contributions, plus interest.

Basic pension equals 4.5% of the average indemnity during the last three years as a MLA multiplied by the number of pensionable sessions served. This cannot exceed the amount of the final year's sessional indemnity. There is an additional benefit for Ministers equal to 3% of the average Ministers' salary during the last three years multiplied by the years service as a Minister.

Members are eligible for benefits upon ceasing to be a MLA with at least 10 sessions of pensionable service.

b) Members of the Members' Pension Plan are required to contribute the lesser of the amount described under the Members' Superannuation Plan and the maximum deductible registered pension contributions under the Income Tax Act.

Basic pension equals 2% of the average indemnity received in the highest paid 3 continuous sessions of the Legislature multiplied by the number of pensionable sessions while a member. Ministers are eligible for an additional basic pension amount equal to 2% of the average highest salary during 3 consecutive years multiplied by the years of service as a Minister. MLA's are eligible for a supplementary allowance of 125% of the basic pension amount. Ministers are eligible for an additional supplementary allowance equal to 50% of the basic Minister's pension amount.

Members are eligible for basic pension benefits at age 60 upon ceasing to be a MLA with at least 8 sessions of pensionable service. Eligibility for supplementary allowances commences at age 55 with at least 8 sessions of service upon ceasing to be a member.

Pension Plan for Canadian Union of Public Employees of New Brunswick Hospitals
(Hospitals - C.U.P.E.)

Employees are required to contribute 4.5% of their earnings up to the YMPE and 6% on the earnings above the YMPE. The employer is currently on a contribution holiday.

Basic pension is 1.75% of the average annual salary during the highest paid continuous 5 year period multiplied by the number of years pensionable service prior to 1 January 1997 plus 1.4% of the average annual salary during the highest paid continuous 5 year period after 31 December 1996. Pension benefits are indexed annually according to the consumer price index increase to a maximum of 2%.

Unreduced pension benefits are available at age 60 with 5 years continuous employment. Reduced benefits are available at age 55 with 5 years continuous employment. Bridging benefits are available for early retirement.

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Pension Plan for Management Employees of New Brunswick School Districts
(Schools - Management)

This plan is being curtailed. All former members have been given the option to transfer their benefits to the Public Service plan or to take a deferred pension from this plan.

There are no current contributors to the plan.

Basic pension equals 2.0% of average annual salary during the highest paid continuous 5 years integrated with the Canada Pension Plan, multiplied by the number of years pensionable service. Pension benefits are indexed annually according to the consumer price index increase to a maximum of 3%.

Unreduced pension is available at age 60 with 5 years of pensionable service. Reduced benefits are available at age 55 with 5 years of pensionable service.

Pension Plan for General Labour, Trades and Services Employees of New Brunswick School Districts (Schools - G.L.T.& S.)

Employees are required to contribute 4.5% of their earnings up to the YMPE, plus 6% of earnings above the YMPE. Employer is required to contribute an amount that is not less than 95% of the employee contributions.

Basic pension equals 1.75% of average salary during the highest paid continuous 5 years, integrated with the Canada Pension Plan at age 65, multiplied by the number of years pensionable service prior to 1 January 1997 plus 1.4% of average salary during the highest paid continuous 5 years, integrated with the Canada Pension Plan at age 65, multiplied by the number of years pensionable service after 31 December 1996.

Pension benefits are indexed annually according to the consumer price index increase to a maximum of 2%.

Unreduced pension benefits are available at age 60 with 5 years continuous employment. Reduced benefits are available on retirement at age 55 with 5 years continuous employment. Bridging benefits are available for early retirement.

Pension Plan for Secretarial and Clerical Employees of New Brunswick School Districts
(Schools - S. & C.)

Employees are required to contribute 4.5% of their earnings up to the YMPE, plus 6% of earnings above the YMPE. Employer is required to contribute an amount as determined by an actuary.

Basic pension equals 2.0% of average annual salary during the highest paid continuous 5 years, integrated with the Canada Pension Plan at age 65, multiplied by the number of years pensionable service prior to 1 January 1997, plus 1.3% of average salary during the highest paid continuous 5 years, integrated with the Canada Pension Plan at age 65, multiplied by the number of years pensionable service after 31 December 1996.

Pension benefits are indexed annually according to the consumer price index increase to a maximum of 2%.

Unreduced pension benefits are available at age 60 with 5 years continuous employment. Reduced benefits are available on retirement at age 55 with 5 years continuous employment.

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Ombudsman Plan (Ombudsman)

The Province contributes the amount required to make annual pension payments. There are no current active members in this plan. All contributions are made to fund pension payments to retired Ombudsmen or their beneficiaries.

Basic pension to current recipients is the same as that for Federal Court judges.

Pension Plan for Certain Bargaining Employees of New Brunswick Hospitals (Hospitals - Certain)

Employees are required to contribute 5.185% of their earnings up to the YMPE, plus 6.61% of earnings above the YMPE. Employer makes contributions equal to the employee contributions.

Basic pension equals 2.0% of average annual salary during the highest paid continuous 5 years integrated with the Canada Pension Plan, multiplied by the number of years pensionable service. Pension benefits are indexed annually according to the consumer price index increase to a maximum of 4%.

Unreduced pension is available at age 60 with 5 years continuous employment. Reduced pension is available at age 55 with 5 years continuous employment.

Pension Plan for Part-time and Seasonal Employees (Part Time)

This is a defined contribution plan. Eligible employees include part-time or seasonal employees of the Province, Hospital Corporations, and various government agencies. Participation in the plan is voluntary, except for employees represented by a bargaining agent. For those employees, participation in the plan is dependent upon the applicable negotiated collective agreement.

Employees can contribute 2%, 3.25% or 4.5% of their earnings. The Employer makes contributions equal to the employee contributions. The employee can make additional contributions up to the overall contribution maximums under the Income Tax Act but these are not matched by the employer. Normal retirement age is 65.

Early Retirement / Workforce Adjustment Program (Early Retirement)

The Province has obligations under various early retirement initiatives. The most recent program offered expired 15 March 2000 and was available to members of the Public Service Superannuation Act plan and employed in Part 1 of the Public Service. Under this program, employees could retire as early as age 55 with an unreduced pension. In addition, they were eligible for up to 3 years of pension credits.

Unreduced pension benefits were also granted to those employees who qualified for benefits under another provincially sponsored pension plan and are currently member of the Public Service Superannuation Act.

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b) Pension Liability

With the exception of the Hospitals - Certain plan and the Hospitals – CUPE plan which are defined benefit plans with fixed employer contributions, and the Part-Time plan, which is a defined contribution plan, the Province is liable for any excess of accrued pension benefits over pension fund assets. The Provincial share of the estimated pension liability for all pension plans is $596.0 million ($772.7 million 1999). This estimate is based on actuarial valuations using the projected unit credit method, calculated as at the dates listed below. This method estimates the present value of retirement benefits associated with the period of employee service to the valuation date. The actuarial valuations were based on a number of assumptions about future events, such as rates of return on assets, wage and salary increases and employee turnover and mortality. Section i) of this note lists some of the actuarial assumptions used. Section j) lists selected information about plan members.

The latest actuarial valuations for the Province's pension plans are dated as listed in the following table:

Plan	Date
Public Service	01/04/99
Teachers'	01/04/99
Judges'	31/03/92
Members'	01/04/96
Schools – Management	01/01/93
Schools - G.L.T.&S.	01/01/97
Schools S.&C.	01/01/97
Early Retirement	01/04/99

Details of the pension liability are outlined in the following table. The estimated accrued benefits and the value of plan assets reported have been updated to the most recent year end of the applicable pension plan. This was based on a projection of the actuarial assumptions and on actual contribution levels. The plans for hospital and school district employees have 31 December year ends. All other plans have 31 March year ends.

Details of the unamortized adjustments and valuation allowances are disclosed in sections e), f), g) and h) of this note.

	(millions)					
	2000					1999
Plan	Estimated Accrued Benefits	Value of Assets	Actuarial Pension Liability (Surplus)	Unamortized Pension Adjustments and Valuation Allowance	Pension Liability (Surplus)	Pension Liability (Surplus)
Public Service	$2,721.4	$3,178.8	$ (457.4)	$ 568.0	**$ 110.6**	$ 214.4
Teachers'	2,626.4	3,019.8	(393.4)	730.8	**337.4**	489.3
Judges'	35.1	22.0	13.1	2.9	**16.0**	12.8
Members'	32.3	---	32.3	---	**32.3**	31.3
Hospitals – C.U.P.E.	---	48.9	(48.9)	---	**(48.9)**	(53.4)
Schools – Management	10.4	14.2	(3.8)	---	**(3.8)**	(5.8)
Schools - G.L.T.& S.	117.1	151.5	(34.4)	33.6	**(0.8)**	(0.7)
Schools - S.& C.	21.3	29.0	(7.7)	4.1	**(3.6)**	(3.6)
Early Retirement	119.3	---	119.3	---	**119.3**	63.8
	5,683.3	6,464.2	(780.9)	1,339.4	**558.5**	748.1
Allocated to NB Power	545.1	645.1	(100.0)	62.5	**(37.5)**	(24.6)
	$5,138.2	$5,819.1	$ (680.9)	$1,276.9	**$ 596.0**	$ 772.7

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The value of assets in all plans exceeds the value of accrued benefits by $680.9 million at 31 March 2000. However, because the calculation of this excess includes estimates of future events and market values of assets, the Statement of Financial Position reports a liability of $596.0 million for accounting purposes. The difference of $1,276.9 million is being amortized over future years. This ensures that past improvements to the financial position of the plans are only recognized as evidence of their existence becomes reliable.

During the year ended 31 March 2000, the Province and the Canadian Union of Public Employees established a joint governance trustee agreement for the Hospitals – CUPE plan. Under this agreement, the Province's contribution level can not be increased for any reason without the consent of the Province.

As part of this new arrangement, the Province agreed to pay $58.5 million into the pension fund. This represented the repayment of an amount withdrawn by the Province from the fund in 1990, plus interest.

Of the amount paid by the Province, $48.5 million is to be used to offset the current service contributions which the Province would otherwise have to make (contribution holiday). This amount continues to accrue interest at the rate of the investment earnings of the fund.

Because the joint governance arrangement limits the Province's rights and obligations for this pension plan, the asset the Province is reporting is limited to the present value of the estimated future contribution holidays, using a discount rate of 8.42%.

c) Funding

Pursuant to the Public Service Superannuation Act, the Consolidated Fund and certain government agencies will, in each fiscal year until the benefits under that Act are fully funded as determined by an actuarial valuation, pay an amount into the Public Service Superannuation Fund that is in addition to the employer contribution for current service costs. The additional amount paid during the fiscal year ended 31 March 2000 was $40.6 million as follows:

Consolidated Fund	$ 31.9
New Brunswick Liquor Corporation	0.5
New Brunswick Power Corporation	8.0
Workplace Health, Safety and Compensation Commission	0.2

In each subsequent fiscal year the additional amount to be paid will be the amount paid in the previous fiscal year increased (or decreased) by the aggregate of 2% plus the average percentage change in the Consumer Price Index.

Pursuant to the Teachers' Pension Act, the Province will, in each fiscal year until the benefits under that Act are fully funded as determined by an actuarial valuation, pay an amount into the Teachers' Pension Fund that is in addition to the employer contribution for current service costs. The additional amount paid during the fiscal year ended 31 March 2000 was $58.9 million. In each subsequent fiscal year the additional amount to be paid will be the amount paid in the previous fiscal year increased (or decreased) by the aggregate of 2% plus the average percentage change in the Consumer Price Index.

As at 31 March 2000 the Public Service plan was 116.8% funded and the Teachers' plan was 115.0% funded on an actuarial basis using the assumptions disclosed in this note. These are not the same assumptions used to determine funding contribution requirements. The most recent funding valuations indicate that the Public Service plan is fully funded but the Teachers' plan is not.

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d) Change in Pension Liability

The components of the change in pension liability are disclosed in the following table:

	(millions)						
Plan	Employers' Share of Pension Benefits Earned	Pension Interest	Amortization of Adjustments	Valuation Adjustment	Total Pension Expense	Employer Pension Contribution	Increase (Decrease) in Pension Liability
Public Service	$ 38.4	$ (8.6)	$ (60.5)	$ ---	$ (30.7)	$ 73.1	$ (103.8)
Teachers'	28.7	(6.1)	(87.0)	---	(64.4)	87.5	(151.9)
Judges'	0.8	1.0	3.2	---	5.0	1.8	3.2
Members'	0.8	2.6	---	---	3.4	2.4	1.0
Hospitals - C.U.P.E.	1.2	(1.6)	---	4.9	4.5	---	4.5
Schools –Management	---	(0.5)	4.0	(1.5)	2.0	---	2.0
Schools - G.L.T.&S.	2.3	(1.9)	(1.9)	3.6	2.1	2.2	(0.1)
Schools – S. & C.	0.3	(0.3)	(0.3)	0.7	0.4	0.4	---
Ombudsman	0.2	---	---	---	0.2	0.2	---
Hospitals - Certain	9.3	---	---	---	9.3	9.3	---
Part Time	2.3	---	---	---	2.3	2.3	---
Early Retirement	54.6	5.1	---	---	59.7	4.2	55.5
	138.9	(10.3)	(142.5)	7.7	(6.2)	183.4	(189.6)
Allocated to NB Power	8.1	(1.2)	(4.0)	---	2.9	15.8	(12.9)
	$130.8	$ (9.1)	$ (138.5)	$ 7.7	$ (9.1)	$167.6	$ (176.7)

Total pension benefits of $221.7 million were earned by employees during the fiscal year. Employees contributed $78.9 million toward these benefits. The value of pension benefits charged to agencies was $12.0 million. The employers' share of pension benefits earned was $130.8 million.

e) Experience Gains and Losses

Experience gains or losses are generally amortized to pension expense over the estimated average remaining service life of active contributors. The balance of experience gains on assets that arose prior to 1994 in the Public Service and Teachers' plans are being amortized over 5 years commencing in 1999. The following table summarizes the experience gains or losses for each plan:

NOTES TO THE FINANCIAL STATEMENTS
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Plan	Estimated Average Remaining Service Life of Active Contributors (years)	(millions) 31 March 1999 Unamortized Experience Gains (Losses)	New Experience Gains (Losses)	Amortization of Experience Gains	31 March 2000 Unamortized Experience Gains (Losses)
Public Service	16	$113.8	$298.6	$ (43.4)	$369.0
Teachers'	14	248.5	284.8	(60.5)	472.8
Judges'	11	0.3	2.7	(0.1)	2.9
Schools - G.L.T.&S	13	5.7	10.2	(1.9)	14.0
Schools - S.&C.	16	(0.8)	2.9	(0.3)	1.8
Schools – Management	1	---	(4.0)	4.0	---
		367.5	595.2	(102.2)	860.5
Allocated to NB Power		9.3	64.0	(4.4)	68.9
		$358.2	$531.2	$ (97.8)	$791.6

f) Changes to Actuarial Assumptions

Changes to actuarial assumptions are generally amortized to pension expense over the estimated average remaining service life of active contributors. The following table summarizes the value of estimation adjustments arising from changes to actuarial assumptions for each plan:

Plan	Estimated Average Remaining Service Life Of Active Contributors (years)	(millions) 31 March 1999 Unamortized Value of Changes to Assumptions	Amortization of Changes to Assumptions	31 March 2000 Unamortized Value of Changes to Assumptions
Public Service	16	$216.1	$ (17.1)	$ 199.0
Teachers'	14	284.5	(26.5)	258.0
		500.6	(43.6)	457.0
Allocated to NB Power		(6.8)	0.4	(6.4)
		$507.4	$ (44.0)	$463.4

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g) Amendments to Pension Plan Provisions

Amendments were made to the Provincial Court Judges' Pension Plan that affected the value of the estimated accrued benefits for active judges.

		(millions)			
Plan	Amortization Period (years)	31 March 1999 Unamortized Plan Amendments	Value of New Plan Amendments	Amortization of Plan Amendments	31 March 2000 Unamortized Plan Amendments
Judges	1	$ ---	$ 3.3	$ 3.3	$ —

h) Valuation Allowance

Pension surpluses for individual plans that exceed certain limits, have been reduced by valuation allowances. Details of the allowances are provided in the following table:

Plan	(millions) 31 March 2000 Valuation Allowance
Schools - G.L.T.&S.	$ 19.6
Schools - S. & C.	2.3
	$ 21.9

i) Actuarial Assumptions

Calculation of the Province's employee pension obligations and related pension expenditure is based on long and short term actuarial assumptions except the Judges' Plan where only long term assumptions are used. The short term period spans the years 1997 to 2001 and the long term covers the years thereafter.

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The tables below disclose the long term assumptions and the range of short term assumptions used in the actuarial valuations.

Long Term Assumptions

Plan	Rate of Return on Assets (%)	Annual Wage and Salary Increase (%)	Inflation (%)	Rate of Pension Escalation after Retirement (%)
Public Service	8.42	4.50 plus promotional increase between 0.20 and 1.00	4.00	3.70
Teachers'	8.42	4.50 plus promotional increase between 0.25 and 1.50	4.00	3.60
Judges'	8.16	5.25	4.50	4.00
Hospitals - C.U.P.E.	8.42	4.50	4.00	2.00
Schools – Management	8.16	4.75	4.00	2.00
Schools - G.L.T.&S.	8.42	4.50	4.00	2.00
Schools - S.&C.	8.42	4.50	4.00	2.00
Members'	8.16	4.75	4.00	4.00

Short Term Assumptions

Plan	Rate of Return on Assets (%)	Annual Wage and Salary Increase (%)	Inflation (%)	Rate of Pension Escalation after Retirement (%)
Public Service	8.42	2.0 to 4.5	2.0 to 3.0	2.0 to 3.7
Teachers'	8.42	2.0 to 4.5	2.0 to 3.0	2.0 to 3.6
Judges'	8.16	5.25	4.5	4.0
Hospitals - C.U.P.E.	8.42	2.0 to 4.5	2.0 to 3.0	2.0
Schools – Management	6.08 to 7.64	1.5 to 4.0	2.0 to 3.5	2.0
Schools - G.L.T.&S.	8.42	2.0 to 4.5	2.0 to 3.0	2.0
Schools - S.&C.	8.42	2.0 to 4.5	2.0 to 3.0	2.0
Members'	6.08 to 7.64	0.0 to 4.0	2.0 to 3.5	2.0 to 3.5

These assumptions have been used to determine the amount of the Province's obligation for pension benefits outstanding and the value of benefits earned by employees during the fiscal year. Different assumptions have been used to determine the appropriate level of employee and employer contributions needed to fund the estimated cost of the pension plans.

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j) Member Data

The following table lists data about the members of each plan.

Plan	Number of Active Contributors	Number of Pensioners	Average Annual Salary of Contributors	Average Annual Pension
Public Service	18,403	8,054	$ 43,216	$ 13,394
Teachers'	9,095	5,357	46,145	23,230
Judges'	26	27	129,628	38,509
Hospitals - C.U.P.E.	4,402	1,610	24,209	5,598
Schools - Management	---	57	---	11,958
Schools - G.L.T.& S.	1,913	912	23,242	5,816
Schools - S.&C.	532	101	22,411	3,754
Members'	55	96	38,076	26,706

Ministers earn an additional average salary of $33,998.

NOTE 14 CONTINGENT LIABILITIES

a) Legal Action

An Act to Amend the Workers' Compensation Act was proclaimed on 26 February 1998. This Bill reinstated benefits to surviving spouses who were disentitled on or after 17 April 1985 as a result of remarriage or cohabitation. Some surviving spouses who were disentitled prior to 17 April 1985 claim their benefits should be reinstated and have commenced legal action.

b) Guaranteed Loans

The Province has guaranteed certain debt of entities external to the Provincial Reporting Entity under the authority of various statutes. At 31 March 2000, the total contingent liability in respect of these guarantees was $66.8 million ($80.8 million 1999), of which the Province has recognized $16.2 million as a liability in the Statement of Financial Position ($16.3 million 1999).

	(millions) Authorized Limit	Contingent Liability
Adult Education and Training Act	$ 0.3	$ 0.3
Agricultural Development Act	1.6	0.8
Economic Development Act	48.3	43.7
Employment Development Act	2.5	2.3
Fisheries Development Act	6.5	4.3
Livestock Incentives Act	0.5	0.5
Nursing Homes Act	11.0	11.0
Regional Development Corporation Act	4.0	3.9
		66.8
Less: Allowance for Losses (Schedule 10)		16.2
		$ 50.6

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c) Environmental Responsibility

The Province of New Brunswick has an agreement with a mining company to limit the liability of the company to $3.0 million for environmental damages that occurred prior to the company commencing mining at a specified site. The cost to clean up the major problem area of this site has been estimated at $3.0 million. The Province currently holds a performance bond for $1.3 million from this company relating to this clean up.

N.B. Coal (a wholly owned subsidiary of New Brunswick Power Corporation) has an environmental responsibility to treat acidic water drainage from an inactive mine. Cost of treatment for the fiscal year ended 31 March 2000 was $0.5 million ($0.5 million 1999).

d) Insurance

The Province does not carry general liability insurance or property insurance on its assets except in a few limited instances. Any successful liability claims against the Province and any replacement of lost or damaged property are charged to expenditure in the year of settlement or replacement.

NOTE 15 COMMITMENTS

a) Operating Leases

The total future minimum payments under various operating lease agreements, including those of government enterprises, for the rental of space and equipment amounts to $329.7 million ($233.1 million 1999). Minimum annual lease payments in each of the next five years are as follows:

Fiscal Year	(millions)
2000-2001	$ 45.4
2001-2002	36.0
2002-2003	28.0
2003-2004	24.3
2004-2005	22.2

b) Nursing Homes

The Department of Health and Community Services includes in its annual operating budget funding for the repayment of approved long term debt of certain nursing homes. The Department funds the nursing homes through grants which pay the difference between operating expenses and revenue from other sources. On average, revenue from other sources covers approximately 35% of operating costs.

Total long term debt of these nursing homes at 31 March 2000 amounted to approximately $79.2 million ($81.2 million 1999). Of the $79.2 million nursing home debt, the Province has issued guarantees totalling approximately $11.0 million ($11.3 million 1999) which is included as a contingent liability.

c) Authorized Capital Projects

The 31 March 2000 estimated amount required to complete authorized major construction projects of schools, hospitals, other buildings, roads and bridges, and to meet capital grant obligations is $36.5 million ($55.2 million 1999). This includes projects that will be cost shared with the Government of Canada. Most of these projects are expected to be completed within three years.

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d) Other Commitments

Fredericton-Moncton Highway

In January 1998, the Province through the New Brunswick Highway Corporation (NBHC) entered into agreements with a private sector consortium and the New Brunswick (F-M) Project Company Inc., a not-for-profit company, to develop, design, build, operate, manage, maintain and rehabilitate a four lane toll highway between Longs Creek and Moncton. In March 2000, the agreements were amended to eliminate toll collection. The total capital cost of the project including construction financing until the full traffic availability date of 30 November 2001, is estimated to be $903.8 million.

Under these agreements, NBHC is required to lease land to the New Brunswick (F-M) Project Company Inc., which will own all improvements to those lands, in particular the four lane highway. The New Brunswick (F-M) Project Company Inc. will sublease the improvements to NBHC. NBHC is responsible for making sublease payments and traffic volume payments to the New Brunswick (F-M) Project Company Inc.

The Province was accounting for the original arrangement as an operating lease. The elimination of tolls in March 2000 has changed the lease from an operating lease to a capital lease. The Province's Statement of Revenue and Expenditure for the year ended 31 March 2000 therefore includes, as an unusual expenditure, the total net present value of the project.

NOTE 16 EXPENDITURE BY PRIMARY CLASSIFICATION

The expenditures by primary classification are as follows:

	(millions) 2000	1999
Personal Services	$1,083.0	$ 985.1
Other Services	381.1	403.5
Materials and Supplies	109.1	114.0
Property and Equipment	259.1	286.5
Contributions, Grants and Subsidies to or on behalf of:		
Hospitals	726.0	664.0
Municipalities and Local Service Districts	148.6	150.8
Individuals	804.6	800.3
Nursing Homes	109.1	106.4
Other	507.8	417.6
Debt and Other Charges	701.7	722.4
	$4,830.1	$4,650.6

Unusual item:

	(millions) 2000	1999
Other Services	$ 31.8	$ ---
Property and Equipment	872.0	---
	$ 903.8	$ ---

NOTES TO THE FINANCIAL STATEMENTS
31 March 2000

Personal Services includes salaries and benefits of employees, and allowances paid to the members of the Legislative Assembly. Personal Services does not include salaries and benefits of employees of hospitals and other agencies, which are paid by those organizations. Funding provided to those organizations is recorded as Contributions, Grants and Subsidies.

Other Services includes the purchase of various services including rental of space, postage, advertising, professional services, Royal Canadian Mounted Police services and travel expenses.

Materials and Supplies includes the purchase of textbooks, office supplies, heating fuel, vehicle and equipment supplies and parts, and structural materials and supplies.

Property and Equipment includes the purchase and construction of buildings, roads, bridges, equipment, and office furniture.

Contributions, Grants and Subsidies includes payments to government corporations, agencies and boards, and to business entities and non-profit organizations. Contributions, Grants and Subsidies to or on behalf of individuals includes income assistance payments and medical service payments on behalf of individuals. Contributions, Grants and Subsidies to Hospitals includes both grants provided to Hospitals, and the unfunded deficits of Hospitals.

Debt and Other Charges includes the cost of servicing the public debt and bad debt expenses.

NOTE 17 TRUST FUNDS

The Province is trustee for various trust funds outside the Provincial Reporting Entity.

The following is a summary of the trust fund equities calculated using the method indicated below to value investment assets:

	(millions) 2000	1999
Cost Method:		
Margaret R. Lynds Bequest	$ 0.1	$ 0.1
Mental Health Trust Fund	0.7	0.6
New Brunswick Power Corporation Sinking Fund	51.2	110.1
Viscount Bennett Bequest	0.2	0.2
	$ 52.2	$111.0
Market Value Method:		
Judges' Superannuation Trust Fund	$ 22.0	$ 16.9
Pension Plan for the Management Employees of New Brunswick School Boards	14.2	13.4
Pension Plan for General Labour, Trades and Services Employees of New Brunswick School Boards	151.5	134.7
Pension Plan for Secretarial and Clerical Employees of New Brunswick School Boards	29.0	23.9
Public Service Superannuation Fund	3,178.8	2,614.8
Teachers' Pension Trust Fund	3,019.8	2,525.3
	$6,415.3	$5,329.0

NOTES TO THE FINANCIAL STATEMENTS
31 March 2000

The Margaret R. Lynds Bequest is used to award three annual scholarships of equal value to students pursuing the study of communications at specified universities. The Mental Health Trust Fund is used to pay for psychoanalysis treatment of deserving New Brunswick residents. The income from the Viscount Bennett Bequest is used to develop the Province's historic resources.

The New Brunswick Power Corporation Sinking Fund is held in trust under the authority of the Electric Power Act. New Brunswick Power Corporation makes payments to this sinking fund as required by the terms of any bond or debenture issues. These are retained and invested. The purpose of the fund is to repay the bonds or debentures when they mature.

NOTE 18 CHANGE IN PROVINCIAL BORROWING

The Province's funded debt issued for Provincial purposes decreased $17.8 million during the year (increased $255.7 million in 1999), after deducting the value of the sinking fund. Bank Advances and Short Term Borrowing increased by $174.4 million (decreased $13.3 million in 1999). Total borrowing was therefore $156.6 million higher at 31 March 2000 than it was at 31 March 1999.

The following table shows how total borrowing increased $156.6 million.

	(millions)	
	2000	1999
(Increase) in Net Debt for the Year	$ (895.7)	$ (164.3)
Decrease in Pension Liability	(176.7)	(289.9)
Increase (Decrease) in Deferred Revenue	0.1	(245.7)
(Increase) Decrease in Investments, Loans and Advances	(55.8)	413.9
Increase (Decrease) in Obligations under Capital Leases	871.5	(0.5)
Decrease (Increase) in Other Current Assets and Liabilities	20.3	149.5
Decrease (Increase) in Borrowing Before Foreign Exchange Adjustments	(236.3)	(137.0)
Foreign Exchange Adjustments	79.7	(105.4)
(Increase) Decrease in Borrowing	$ (156.6)	$(242.4)

NOTES TO THE FINANCIAL STATEMENTS
31 March 2000

The following changes in Other Current Assets and Liabilities had an affect on the Province's Working Capital position. In the table below, bracketed figures indicate an increase in Working Capital.

	(millions) 2000	1999
Accounts and Interest Receivable	$ 68.4	$ (121.1)
Taxes Receivable	(15.5)	(25.5)
Inventories	1.6	0.6
Prepaid and Deferred Charges	(10.8)	8.2
Accounts Payable	(81.3)	136.9
Accrued Expenditures	21.4	38.9
Deposits Held in Trust	3.1	2.9
Decrease (Increase) in Working Capital	(13.1)	60.9
Increase in Allowance for Doubtful Accounts	46.5	87.0
Decrease (Increase) in Premiums and Discounts on Issue of Debt	(13.1)	1.6
Decrease (Increase) in Other Current Assets and Liabilities	$ 20.3	$ 149.5

NOTE 19 COMPARATIVE FIGURES

Certain other figures for the prior year have also been restated to conform with the 2000 presentation of the financial statements.

SCHEDULES TO THE FINANCIAL STATEMENTS
31 March 2000

SCHEDULE 1
ACCOUNTS AND INTEREST RECEIVABLE

	(millions) 2000	1999
Accounts Receivable		
Canada - Conditional Grants		
Atlantic Freight Transition Program	$ —	$ 0.8
Canada Mortgage and Housing Corporation	28.5	29.9
Canada/New Brunswick Highway Improvement Program	4.1	15.0
Disaster Financial Assistance Program	32.4	21.7
Infrastructure Program	0.4	0.7
Official Languages in Education Program	6.6	9.4
Refund of Harmonized Sales Tax Paid	10.1	13.0
Regional Economic Development Agreement	8.3	5.5
Vocational Rehabilitation of Disabled Persons	—	0.9
Young Offenders Act	2.8	1.1
Other Agreements	3.6	4.7
Canada - Unconditional Grants		
Canada Health and Social Transfer	4.1	1.6
Fiscal Equalization	6.1	93.7
Receivables of Government Departments		
Economic Development, Tourism and Culture	3.3	3.7
Education	16.0	12.7
Finance	7.4	11.8
Health and Community Services	17.6	19.3
Human Resources Development and Housing	28.2	23.4
Justice	13.3	8.3
Labour	11.0	1.7
Municipalities	40.4	40.9
Natural Resources and Energy	5.6	3.1
Solicitor General	3.4	2.5
Supply and Services	2.8	3.9
Transportation	5.3	7.0
Other Departments	2.3	2.1
Guarantee Payouts	15.9	32.0
Working Capital Advances	7.1	7.8
Other	5.2	4.2
Interest Receivable		
Agricultural Development Act	1.3	0.9
Economic Development Act	2.6	3.5
Fisheries Development Act	20.4	20.3
Other	2.8	2.0
	318.9	409.1
Less: Allowance for Doubtful Accounts	77.5	77.8
	$ 241.4	$ 331.3

SCHEDULES TO THE FINANCIAL STATEMENTS
31 March 2000

	(millions) 2000	1999
SCHEDULE 2 **TAXES RECEIVABLE**		
Gasoline and Motive Fuels Tax	$ 14.6	$ 15.1
Real Property Tax	323.8	307.9
Royalties and Stumpage on Timber	19.1	21.3
Sales Tax	69.5	83.7
Tobacco Tax	4.4	5.3
Other	0.2	0.3
	431.6	433.6
Less: Allowance for Doubtful Accounts	83.9	84.8
	$ 347.7	$ 348.8
SCHEDULE 3 **INVENTORIES**		
Construction and Maintenance Materials	$ 8.1	$ 9.2
Educational Textbooks	2.1	2.1
Machine Repair Parts	5.4	5.3
Properties Held for Sale	3.4	4.6
Stationery and Supplies	1.2	1.2
Veterinary Supplies	0.7	0.6
Other Supplies	3.7	3.2
	$ 24.6	$ 26.2
SCHEDULE 4 **PREPAID AND DEFERRED CHARGES**		
Unamortized Premiums, Discounts, and Issue Expenses on Debentures	$ 64.0	$ 50.8
Other	25.1	14.3
	$ 89.1	$ 65.1

SCHEDULES TO THE FINANCIAL STATEMENTS
31 March 2000

(millions)

SCHEDULE 5 LOANS AND ADVANCES	2000 Amount	2000 Allowance for Doubtful Accounts	2000 Net	1999 Amount	1999 Allowance for Doubtful Accounts	1999 Net
Agriculture and Rural Development						
Agricultural Development Act	$ 16.8	$ 6.3	$ 10.5	$ 14.6	$ 5.7	$ 8.9
New Brunswick Agri-Export	0.5	0.5	---	---	---	---
Economic Development, Tourism and Culture						
Economic Development Act	109.5	33.4	76.1	103.1	38.2	64.9
Provincial Holdings Ltd.	16.6	5.4	11.2	22.1	10.2	11.9
Miramichi Redevelopment	0.4	---	0.4	0.5	---	0.5
Education						
Loans to Students	0.2	0.2	---	0.2	0.2	---
Environment						
Water and Sewerage Systems	0.4	---	0.4	0.4	---	0.4
Executive Council						
La Fondation du quotidien francophone	4.0	4.0	---	4.0	4.0	---
Finance						
Municipalities - Department of Regional Industrial Expansion Agreements	2.3	0.6	1.7	3.1	0.6	2.5
Fisheries and Aquaculture						
Fisheries Development Act	72.4	59.5	12.9	71.8	61.7	10.1
Health and Community Services						
Saint John Regional Laundry	---	---	---	0.6	---	0.6
Human Resources Development & Housing						
New Brunswick Housing Act	24.9	2.7	22.2	20.8	2.9	17.9
Municipalities						
Loans to Municipalities	0.1	---	0.1	0.1	---	0.1
Other Loans	0.2	0.2	---	0.2	0.2	---
Regional Development Corporation						
Fundy Trail Endowment Fund	3.0	---	3.0	2.8	---	2.8
Solicitor General						
City of Moncton	2.7	---	2.7	3.0	---	3.0
Supply and Services						
Other Loans	0.1	---	0.1	0.1	---	0.1
Transportation						
Unsatisfied Judgements	9.5	9.5	---	9.5	9.5	---
	$ 263.6	$ 122.3	$ 141.3	$ 256.9	$ 133.2	$ 123.7

SCHEDULES TO THE FINANCIAL STATEMENTS
31 March 2000

	(millions) 2000	1999
SCHEDULE 6 **INVESTMENTS**		
Investment in Government Enterprises		
Lotteries Commission of New Brunswick	$ 1.3	$ 6.6
New Brunswick Liquor Corporation	11.8	11.1
New Brunswick Municipal Finance Corporation	0.7	0.7
New Brunswick Power Corporation	19.3	2.3
Workplace Health, Safety and Compensation Commission	49.0	31.7
	82.1	52.4
Other Long Term Investments	3.4	3.5
	$ 85.5	$ 55.9
SCHEDULE 7 **BANK ADVANCES AND SHORT TERM BORROWING**		
Bank Overdrafts	$ 48.7	$ 132.1
Treasury Bill 0% Maturing 10 March 2000	—	1.0
Treasury Bills 5.07%-5.27% Maturing 11 April 2000 - 22 June 2000	735.9	581.0
	784.6	714.1
Less:		
Cash	47.6	30.3
Short Term Investments	281.5	402.7
	329.1	433.0
	$ 455.5	$ 281.1

SCHEDULES TO THE FINANCIAL STATEMENTS
31 March 2000

	(millions) 2000	1999
SCHEDULE 8		
ACCOUNTS PAYABLE		
Accounts Payable for Goods and Services		
Agriculture and Rural Development	$ 5.7	$ 3.5
Economic Development, Tourism and Culture	20.1	11.4
Education	23.6	37.0
Environment	1.7	2.9
Finance	17.6	9.5
General Government	6.7	63.3
Health and Community Services	82.7	51.2
Human Resources Development and Housing	24.7	9.7
Labour	6.0	7.4
Maritime Provinces Higher Education Commission	10.7	10.7
Municipalities	3.7	14.5
Natural Resources and Energy	2.4	66.6
Office of the Comptroller	2.4	7.2
Regional Development Corporation	2.1	1.7
Solicitor General	20.0	20.9
Supply and Services	14.8	12.8
Transportation	29.8	26.1
Other Departments	1.2	6.8
Due to Canada		
Department of Regional Industrial Expansion	1.9	2.8
Harmonized Sales Tax Agreement	13.8	---
Other Agreements	0.5	7.7
New Brunswick Housing Corporation - Third Parties	47.5	47.5
Other	8.6	8.2
	$ 348.2	$ 429.4
SCHEDULE 9		
ACCRUED EXPENDITURES		
Accrued Interest		
Funded Debt	$ 161.7	$ 155.9
Outstanding Treasury Bills	4.1	3.4
Other	0.7	0.9
	166.5	160.2
Accrued Salaries Payable	85.3	93.1
Deficits of Hospital Corporations	72.0	76.1
Health and Community Services	19.5	30.1
Holdbacks on Contracts	6.6	4.5
Liability for Injured Workers	42.3	40.1
Retirement Allowances	217.5	211.3
Solid Waste Management	11.5	5.5
Other	53.3	32.3
	$ 674.5	$ 653.2

SCHEDULES TO THE FINANCIAL STATEMENTS
31 March 2000

	(millions) 2000	1999
SCHEDULE 10 **ALLOWANCE FOR LOSSES**		
Agriculture and Rural Development	$ ---	$ 0.1
Economic Development, Tourism and Culture	12.1	13.0
Education	1.3	1.3
Fisheries and Aquaculture	1.0	---
Labour	1.8	1.9
	$ 16.2	$ 16.3
SCHEDULE 11 **DEFERRED REVENUE**		
Canada Health and Social Transfer	$ 57.5	$ ---
Harmonization Transitional Payment	34.0	100.0
Highway Improvement Recoveries	4.8	7.4
Motor Vehicle and Operators' Licenses	36.4	35.1
Real Property Taxes	198.1	188.3
Redevelopment of the Miramichi Region - Grant	4.3	6.0
Other	5.7	3.9
	$ 340.8	$ 340.7
SCHEDULE 12 **DEPOSITS HELD IN TRUST**		
Administrator of Estates of Patients in Psychiatric Facilities	$ 0.4	$ 0.4
Contractors' Deposits	1.2	0.8
Court of Queen's Bench	3.6	4.0
Employee Contributions for Early Retirement Benefits	5.2	5.8
Mining Licenses - Non-Performance Renewal Fees	2.0	2.0
New Brunswick Crop Reinsurance Fund	1.8	1.2
Sale of Property for Taxes	0.7	0.7
Scholarship Trusts	1.8	1.7
Tenants' Security Deposits	9.3	8.5
Other	6.5	4.4
	$ 32.5	$ 29.5
SCHEDULE 13 **OBLIGATIONS UNDER CAPITAL LEASES**		
Moncton North School	$ 9.7	$ 10.0
Miramichi Youth Facility	19.0	19.2
New Brunswick Highway Corporation	872.0	---
	$ 900.7	$ 29.2

SCHEDULES TO THE FINANCIAL STATEMENTS
31 March 2000

	(millions)		
	2000 Budget	2000 Actual	1999 Actual
SCHEDULE 14 TAXES ON CONSUMPTION			
Gasoline and Motive Fuels Tax	$ 173.0	$ 185.5	$ 173.9
Harmonized Sales Tax	641.7	590.7	593.3
Tobacco Tax	43.0	47.8	46.7
Other	0.1	0.1	0.1
	$ 857.8	$ 824.1	$ 814.0
SCHEDULE 15 TAXES ON INCOME			
Corporate Income Tax	$ 157.0	$ 141.0	$ 116.9
Mining Tax	4.0	3.9	3.2
Personal Income Tax	855.0	900.3	779.5
	$ 1,016.0	$ 1,045.2	$ 899.6
SCHEDULE 16 OTHER TAXES			
Financial Corporation Capital Tax	$ 8.8	$ 8.5	$ 7.9
Insurance Premium Tax	26.1	25.9	24.8
Large Corporation Capital Tax	32.0	28.1	23.6
Other	2.7	3.3	3.0
	$ 69.6	$ 65.8	$ 59.3
SCHEDULE 17 LICENSES AND PERMITS			
Angling Licenses	$ 1.6	$ 1.7	$ 1.6
Corporations - Annual Filing Fees	1.8	2.0	1.9
Corporations - Letters Patent	1.1	1.2	1.2
Hunting Licenses	2.0	2.3	2.3
Liquor Licensing Board	3.2	3.0	2.7
Motor Vehicle Licenses	72.4	78.8	73.5
Other	13.4	16.4	11.4
	$ 95.5	$ 105.4	$ 94.6
SCHEDULE 18 ROYALTIES			
Forest	$ 46.3	$ 54.5	$ 53.4
Mines	6.7	8.1	8.1
	$ 53.0	$ 62.6	$ 61.5

SCHEDULES TO THE FINANCIAL STATEMENTS
31 March 2000

	(millions)		
	2000 Budget	2000 Actual	1999 Actual
SCHEDULE 19			
INVESTMENT INCOME			
Lottery Revenues	$ 84.2	$ 86.3	$ 86.0
New Brunswick Liquor Corporation	93.9	100.8	93.0
New Brunswick Power Corporation	---	17.0	(423.0)
Workplace Health, Safety and Compensation Commission	0.5	17.3	18.9
Other Investment Income	18.4	26.9	22.8
	$ 197.0	$ 248.3	$ (202.3)
SCHEDULE 20			
OTHER PROVINCIAL REVENUE			
Sales of Goods and Services	$ 107.8	$ 160.5	$ 133.4
Other Revenue	19.7	37.7	41.2
	$ 127.5	$ 198.2	$ 174.6
SCHEDULE 21			
CONDITIONAL GRANTS - CANADA			
Aquaculture Compensation	$ ---	$ 7.0	$ 13.0
Atlantic Freight Transition	---	---	10.1
Canada Mortgage and Housing Corporation	33.1	32.7	34.7
Economic Development	22.2	16.5	20.3
First Nation Students	5.2	7.1	6.5
Flood and Storm Damage	0.1	3.6	5.9
Highway Improvements	33.7	33.5	19.1
Infrastructure Program	1.6	2.6	6.2
Job Corps	8.4	1.6	8.0
Labour Development Agreements	92.8	93.5	84.9
New Brunswick Works	---	---	0.6
Official Languages in Education Agreement	11.3	16.0	12.4
Vocational Treatment and Rehabilitation of Disabled Persons	4.5	5.8	6.4
Young Offenders Act	4.3	3.9	4.3
Other	10.2	13.9	22.5
	$ 227.4	$ 237.7	$ 254.9

SCHEDULES TO THE FINANCIAL STATEMENTS
31 March 2000

	(millions)		
	2000 Budget	2000 Actual	1999 Actual
SCHEDULE 22 EDUCATION			
Education	$ 788.1	$ 788.6	$ 751.8
General Government	2.7	(53.8)	(51.4)
Maritime Provinces Higher Education Commission	160.5	160.9	159.4
Supply and Services	37.0	37.8	19.4
	$ 988.3	$ 933.5	$ 879.2
SCHEDULE 23 HEALTH			
General Government	$ ---	$ 4.8	$ 16.4
Health and Community Services	1,401.2	1,526.8	1,396.2
Supply and Services	7.2	7.6	6.1
	$ 1,408.4	$ 1,539.2	$ 1,418.7
SCHEDULE 24 INCOME ASSISTANCE			
General Government	$ 3.9	$ 4.3	$ 4.2
Human Resources Development and Housing	378.7	349.1	367.7
	$ 382.6	$ 353.4	$ 371.9
SCHEDULE 25 JUSTICE			
General Government	$ 2.1	$ 5.0	$ 1.4
Justice	33.3	33.9	30.5
Solicitor General	75.1	75.6	78.3
Supply and Services	0.2	0.2	0.1
	$ 110.7	$ 114.7	$ 110.3

SCHEDULES TO THE FINANCIAL STATEMENTS
31 March 2000

	(millions)		
	2000 Budget	2000 Actual	1999 Actual
SCHEDULE 26 ECONOMIC DEVELOPMENT			
Agriculture and Rural Development	$ 25.0	$ 28.4	$ 24.6
Economic Development, Tourism and Culture	66.4	58.5	66.7
Environment	32.9	39.9	37.1
Fisheries and Aquaculture	11.3	18.8	11.4
General Government	28.2	56.4	62.4
Labour	135.9	117.3	114.5
Natural Resources and Energy	78.5	95.4	140.3
Regional Development Corporation	62.7	59.4	62.8
Regional Development Corporation - Special Operating Agency	6.3	23.5	31.2
Supply and Services	1.8	11.5	8.4
	$ 449.0	$ 509.1	$ 559.4
SCHEDULE 27 MUNICIPAL AFFAIRS			
Municipalities	$ 129.7	$ 133.3	$ 127.5
Supply and Services	---	---	0.2
	$ 129.7	$ 133.3	$ 127.7
SCHEDULE 28 TRANSPORTATION			
General Government	$ 0.3	$ 3.9	$ 0.7
New Brunswick Highway Corporation	5.5	6.1	12.8
Transportation	333.1	351.4	343.7
	$ 338.9	$ 361.4	$ 357.2
SCHEDULE 29 CENTRAL GOVERNMENT			
Executive Council	$ 3.6	$ 3.2	$ 3.9
Finance	20.3	18.7	20.3
General Government	93.4	39.0	36.8
Intergovernmental and Aboriginal Affairs	2.7	2.6	2.0
Legislative Assembly	12.2	16.6	12.5
New Brunswick Investment Management Corporation	---	4.6	3.6
Office of the Comptroller	4.9	4.8	5.0
Office of the Premier	1.6	1.6	1.2
Service New Brunswick	---	41.7	36.4
Supply and Services	88.6	87.4	88.1
	$ 227.3	$ 220.2	$ 209.8

Office of the
Auditor General

Bureau du
vérificateur général

Exhibit f

New
Nouveau Brunswick

CONSENT OF AUDITOR GENERAL

I hereby consent to the inclusion of the report of the Auditor General on the financial statements of the Province of New Brunswick for the fiscal year ended 31 March 2000 as exhibit (e) to the Annual Report on Form 18-K of the Province of New Brunswick for the fiscal year ended 31 March 2000, and to the incorporation by reference of such report in the Registration Statement No. 33-89790 of the Province of New Brunswick.

K. D. Robinson, CA
Deputy Auditor General
for
Daryl C. Wilson, FCA
Auditor General

Fredericton, New Brunswick
18 December 2000

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Exhibit g

NEW BRUNSWICK POWER CORPORATION
REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2000

Deloitte & Touche

Deloitte & Touche LLP
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44 Chipman Hill
P.O. Box 6549, Station A
Saint John, New Brunswick
E2L 4R9

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AUDITORS' REPORT

The Honourable Marilyn Trenholme Counsell, MD
Lieutenant-Governor of New Brunswick
Fredericton, New Brunswick

Madam:

We have audited the consolidated balance sheet of New Brunswick Power Corporation as at March 31, 2000 and the consolidated statements of income and retained earnings and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants

May 12, 2000

NEW BRUNSWICK POWER CORPORATION
CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS
Year ended March 31, 2000
(in millions)

	2000		1999	
REVENUES				
Sales of power (Note 3)				
In-province	$ 888		$ 872	
Out-of-province	330		304	
Miscellaneous	30		28	
		1,248		1,204
EXPENDITURES				
Purchased power	170		98	
Fuel	225		276	
Operation, maintenance and administration	315		277	
Amortization and decommissioning (Note 4)	190		189	
		900		840
Income before finance charges		348		364
Finance charges (Note 5)		331		346
Income before transfer and write-off		17		18
Transfer from fuel channel removal account (Note 6)		-		9
Income before write-off		17		27
Write-off of deferred cost - nuclear generating station (Note 7)		-		450
NET INCOME (LOSS) FOR THE YEAR		17		(423)
RETAINED EARNINGS				
BEGINNING OF YEAR		2		425
END OF YEAR		$ 19		$ 2

NEW BRUNSWICK POWER CORPORATION
CONSOLIDATED BALANCE SHEET
as at March 31, 2000
(in millions)

	2000	1999
PROPERTY, PLANT AND EQUIPMENT (Note 8)		
Land, buildings, plant and equipment, at cost	$ 5,329	$ 5,263
Less: accumulated amortization	2,333	2,133
	2,996	3,130
LONG-TERM ASSETS		
Sinking fund investments (Note 12)	17	56
CURRENT ASSETS		
Cash and short-term investments	34	7
Accounts receivable	170	191
Materials, supplies and fuel	78	74
Prepaid expenses	3	3
	285	275
DEFERRED CHARGES		
Unrealized foreign exchange differences, less amounts amortized (Note 9)	106	155
Debenture and note discount and issue expenses, less amounts amortized	22	25
Deferred pension benefit (Note 10)	38	25
	166	205
	$ 3,464	$ 3,666

ON BEHALF OF NEW BRUNSWICK POWER CORPORATION

Chairman

Director

NEW BRUNSWICK POWER CORPORATION
CONSOLIDATED BALANCE SHEET
as at March 31, 2000
(in millions)

	2000	1999
LONG-TERM DEBT (Note 12)		
Debentures and other loans	$ 2,907	$ 3,250
Less: sinking funds	329	305
	2,578	2,945
CURRENT LIABILITIES		
Short-term indebtedness (Note 13)	176	159
Accounts payable and accruals	139	128
Accrued interest	79	84
Current portion of long-term debt (Note 12)	234	130
	628	501
DEFERRED LIABILITIES		
Irradiated fuel management and plant decommissioning (Note 14)	209	197
Other (Note 15)	30	21
	239	218
EQUITY		
Retained earnings	19	2
	$ 3,464	$ 3,666

NEW BRUNSWICK POWER CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOW
Year ended March 31, 2000
(in millions)

	2000	1999
NET INFLOW (OUTFLOW) OF CASH RELATED TO THE FOLLOWING ACTIVITIES :		
OPERATING		
Net income (loss) for the year	$ 17	$ (423)
Amounts charged or credited to operations not requiring a current cash payment (Note 16)	226	670
	243	247
Net change in non-cash working capital balances	21	21
	264	268
FINANCING		
Debt retirements	(175)	(81)
Sinking fund payments	(61)	(70)
Long-term debt obligations issued	50	-
Increase (decrease) in short-term indebtedness	17	(35)
	(169)	(186)
INVESTING		
Expenditure on property, plant and equipment	(95)	(68)
Proceeds on disposal and customer contributions	41	3
Deferred pension benefit	(13)	(14)
Increase in other deferred charges	(1)	-
	(68)	(79)
NET CASH INFLOW	27	3
CASH AND SHORT-TERM INVESTMENTS		
BEGINNING OF YEAR	7	4
END OF YEAR	$ 34	$ 7

1. SIGNIFICANT ACCOUNTING POLICIES

The New Brunswick Power Corporation ("the Corporation"), established in 1920 as a Crown Corporation of the Province of New Brunswick by enactment of the New Brunswick Electric Power Act, has a corporate mission to provide for the continuous supply of energy adequate for the needs and future development of the Province and to promote economy and efficiency in the generation, distribution, supply, sale and use of power.

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles, applied on a basis consistent with that of the preceding year. The financial statements include the accounts of the Corporation and those of its wholly owned subsidiary, N.B. Coal Limited (N.B.Coal).

a. Regulation

The Corporation is regulated under a price cap system. Annual average rate increases greater than three percent, or the Consumer Price Index, whichever is higher, require regulatory review and approval by the Board of Commissioners of Public Utilities of the Province of New Brunswick (Public Utilities Board). The Corporation must also apply to the Public Utilities Board before making any expenditure greater that $75 million in relation to upgrading, maintaining or decommissioning of a generating facility.

b. Property, plant and equipment

The cost of additions to property, plant and equipment is the original cost of contracted services, direct labour and material, interest on funds used during construction and indirect charges for administration and other expenses, less credits for the value of power generated during commissioning.

Interest during construction is capitalized monthly based on the cost of long-term borrowings. When significant assets are taken out of service for extended periods of time for refurbishment, interest during construction is charged based on the net book value of the asset concerned.

Contributions in aid of construction which include amounts received from customers as well as research and development grants in respect of new facilities, are netted against the cost of related assets. Amounts received from customers are being amortized over the estimated service lives of the related assets.

The cost of distribution assets retired, net of dismantlement and salvage, is charged to accumulated amortization. For all other property, plant and equipment disposed of, the cost and accumulated amortization is written out of the accounts with the gain or loss on disposal being reflected in income.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

b. Property, plant and equipment (continued)

Amortization is provided for all assets sufficient to amortize the cost of such assets, less estimated salvage value over their estimated service lives. The estimated service lives of fixed assets are periodically reviewed and any changes are applied prospectively. Amortization is suspended when significant assets are taken out of service for extended periods for refurbishment. Amortization is provided on certain mining equipment on an increasing charge basis, the amortization amount being based on the amount of related debt retirement required during the year. All other assets are amortized on a straight-line basis. Amortization is provided on the net cost of property, plant and equipment in respect of which grants have been provided.

The main categories of property, plant and equipment have been amortized based on the following estimated service lives:

Assets	Years
Hydro Generating Stations	100
Thermal Generating Stations	35
Nuclear Generating Station	25
Combustion Turbine Generating Stations	25
Terminals and Substations	40
Transmission System	35 to 55
Distribution System	10 to 35
Buildings	
- General	40
- Head Office	50
Mining Equipment	20 to 25

Each asset category includes components which are amortized over service lives shorter than their related main asset categories.

c. Cash and Short Term Investments

Cash and short term investments consist of balances with banks and investments in money market instruments which mature within three months from date of acquisition.

d. Inventories

Inventories of materials and supplies, and fuel, other than nuclear fuel, are valued at average cost. Nuclear fuel is valued at cost using the first-in, first-out method.

e. Debenture and note discounts and premiums, and issue expenses

The Corporation amortizes debenture and note discounts and premiums and the expenses of issues over the lives of the issues to which they pertain.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

f. Foreign exchange transactions

Monetary assets and liabilities denominated in foreign currencies are translated to Canadian (Cdn) dollars at rates of exchange prevailing at the balance sheet date except where such items have been hedged by the acquisition of a forward exchange contract, in which case the rate established by the terms of the contract is used in the translation. Unrealized losses or gains arising on translation of long-term items are amortized to income on a straight-line basis over the remaining life of the related monetary assets or liabilities, except that amounts associated with the financing of major construction projects still in progress are deferred until the project is completed before being amortized over the then remaining life of the related monetary liabilities. The unamortized balance of the deferred exchange gains or losses is accumulated in an unrealized foreign exchange account which is shown on the balance sheet under deferred charges.

Exchange gains or losses resulting from transactions affecting current operations are reflected in income.

g. Financial instruments

Long-term debt

Long-term debt is recorded on the balance sheet at cost. The estimated fair value of long-term debt is disclosed in the notes to the financial statements using market values or estimates of market values based on debt with similar terms and maturities. The fair value estimated does not include costs that would be incurred to exchange or settle the debt.

Derivative financial products

The Corporation enters into forward exchange contracts to manage exchange risk related to interest obligations on US denominated long-term debt for terms up to eighteen months. The Corporation also enters into interest rate agreements to reduce exposure to changes in interest rates on planned refinancing of debt. The Corporation also enters into oil swap agreements to reduce exposure to changes in the cost of oil used in the operations of its plants.

h. Revenue

Billings to residential and general service customers are rendered monthly on a cyclical basis. All other customers are billed at the end of each month. Revenue in respect of items not billed at the end of a fiscal period is estimated and accrued.

i. Irradiated fuel management and plant decommissioning

In order to provide for the estimated future costs of permanently disposing of irradiated nuclear fuel and decommissioning the nuclear generating station to return the site to a state of unrestricted use, the Corporation annually charges income with amounts calculated to be adequate, when accumulated with interest, to cover the total costs of

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

i. Irradiated fuel management and plant decommissioning (continued)

these future activities as they occur. The calculations of the anticipated future costs are based on a detailed study which takes into account various assumptions regarding the method and timing of dismantlement of the nuclear facility, the cost of transportation of nuclear material to permanent disposal facilities, and estimates of interest and inflation rates in the future. With respect to irradiated nuclear fuel, the annual charge is related to the amount of nuclear fuel consumed in each year while decommissioning requirements are charged on a straight-line basis over the life of the station.

The Corporation is also providing, through an annual charge to income, for the estimated future costs of decommissioning its thermal generating stations. The amount of the charge, when accumulated with interest, is intended to cover the total costs of decommissioning activities as they occur.

Amounts charged each year to cover these activities are accumulated in a deferred liability account, together with interest, compounded annually, on the total amounts collected. Interest is calculated at the Corporation's long-term borrowing rate and is charged to income annually.

Costs incurred on a current basis relating to irradiated fuel management and plant decommissioning are charged against the deferred liability account.

In view of potential developments in the technology of decommissioning and irradiated fuel management, and because of the various assumptions and estimates inherent in the calculations, the Corporation reviews such calculations periodically, making adjustments as necessary on a prospective basis.

j. Pension plans

Corporation employees belong to the Province of New Brunswick Public Service Superannuation Plan. This multi-employer plan provides pensions based on length of service and the average of the highest five consecutive years of earnings. The Corporation and its employees make contributions to the plan as prescribed in the Public Service Superannuation Act and its regulations. N.B. Coal maintains a private contributory defined benefit pension plan for its employees.

Under both plans, pension costs are actuarially determined using the projected benefit method, pro-rated on services and management's best estimate assumptions. Adjustments arising from plan amendments, experience gains and losses, changes in actuarial assumptions and the difference between the actuarial present value of accrued pension obligations and the market related value of pension assets are amortized on a straight-line basis over the expected average remaining service lives of the respective employee groups.

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

k. Retiring allowance

The Corporation has a retiring allowance program for employees that provides a lump-sum payment equal to one week of pay for each full year of continuous employment to a maximum of 26 weeks of pay. The actuarial present value of accrued retiring allowance obligations for past service is amortized on a straight line basis over the expected average remaining service life of the employee group.

l. Early retirement programs

The total cost of such programs is charged to income in the year the program is initiated, irrespective of when payments are actually made.

m. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ from the estimates.

2. CASH AND SHORT TERM INVESTMENTS

	2000	1999
Cash	$ 31	$ 6
Short term investments	3	1
	$ 34	$ 7

3. SALES

a) Power sales to the Province of New Brunswick and other government owned organizations are recorded at normal commercial rates.

b) Out-of-province sales of power include $223 million (1999 - $183 million) to utilities in the United States.

4. AMORTIZATION AND DECOMMISSIONING

	2000	1999
Amortization expense	$ 188	$ 186
Charges for decommissioning	2	3
	$ 190	$ 189

5. FINANCE CHARGES

	2000	1999
Interest expense – on debentures and other loans	$ 309	$ 321
- on deferred liabilities	15	14
	324	335
Less: Income from sinking funds and other investments	28	35
	296	300
Provincial government guarantee fee	20	21
Amortization of debenture discount and expense	5	4
Amortization of unrealized foreign exchange	12	22
	333	347
Less: Interest capitalized	2	1
	$ 331	$ 346

Interest paid on debt during the year was $314 million (1999 - $322 million). Interest received on investments during the year was $28 million (1999 - $30 million).

6. FUEL CHANNEL REMOVAL

The Corporation eliminated the fuel channel removal liability account over a three year period which commenced October 1, 1995 and ended September 30, 1998.

7. WRITE-OFF OF DEFERRED COST - NUCLEAR GENERATING STATION

In 1997/98 the carrying value of the nuclear generating station was reduced by $450 million and an offsetting deferred charge was recorded. This was in recognition of efforts to identify a potential new revenue stream to recover the $450 million. In 1998/99 the Corporation was not able to identify the necessary revenue stream and the deferred charge was written off against net income.

8. PROPERTY, PLANT AND EQUIPMENT

	2000		1999	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Power generating stations	$ 3,731	$ 1,648	$ 3,728	$ 1,492
Transmission system	252	111	249	106
Terminals and substations	389	185	390	175
Distribution system	651	256	636	240
Buildings and properties	56	24	57	24
Communications and computer systems	59	19	32	17
Mining equipment and related assets	74	50	74	44
Motor vehicles	45	29	38	27
Miscellaneous assets	18	11	17	8
Construction-in-progress	54	-	42	-
	$ 5,329	$ 2,333	$ 5,263	$ 2,133

9. UNREALIZED FOREIGN EXCHANGE DIFFERENCES, LESS AMOUNTS AMORTIZED

	2000	1999
Exchange adjustment at balance sheet date	$ 167	$ 204
Less: accumulated amortization	61	49
	$ 106	$ 155

10. DEFERRED PENSION BENEFIT

Corporation employees belong to the Province of New Brunswick Public Service Superannuation Plan (Public Service Plan) as described in Note 1j. Actuarial valuations are prepared periodically to determine the costs of the pension benefits and the appropriate amounts of contributions to the fund. The latest actuarial valuation done on the Public Service Plan was April 1, 1997.

The actuarial method used incorporates management's or the plan owner's best estimate assumptions to determine the present value of accrued pension benefit obligations based on projections of salaries and wages to normal retirement dates. The interest rate on accrued pension benefits and the rate of return on assets used in these calculations was 8.42%.

The status of the costs and obligations of the Corporation's share of the Public Service Plan and N.B. Coal's private plan as at March 31,2000 was as follows:

	2000	1999
Pension fund assets (market value)	$ 654	$ 540
Accrued pension obligations	$ 554	$ 512
Determination of pension expense for the year is summarized below:		
Cost of benefits for the year	$ 8	$ 6
Interest cost on accrued benefits	44	40
Interest on pension fund assets	(45)	(45)
Amortization of transitional surplus	(1)	(1)
Amortization of gains/losses	(3)	1
Pension expense	$ 3	$ 1

Total contributions to the plans in excess of pension expense, in the amount of $38 million (1999 - $25 million) have been set up as an asset under deferred charges.

11. RETIRING ALLOWANCE LIABILITY

The Corporation has a retiring allowance program for employees as described in Note 1k. Actuarial calculations are prepared to determine the amount of the Corporation's obligations for retiring allowances. The actuarial method used incorporates management's best estimate assumptions to determine the present value of the accrued retiring allowance obligation based on projections of salaries and wages to normal retirement dates. The interest rate used in the calculation of this obligation was 6%. The latest actuarial calculation was done as at April 1, 1998.

The retiring allowance obligation as at March 31, 2000 is $25 million (1999 - $23 million). The retiring allowance expense for the year ended March 31, 2000 was $4 million (1999 - $4 million). The cumulative amount expensed in excess of amounts paid out under the retirement allowance program has been set up as a liability under deferred liabilities.

12. LONG-TERM DEBT

	2000	1999
Debentures guaranteed by the Province of New Brunswick	$ 211	$ 363
Debentures held by the Province of New Brunswick	2,930	3,017
	3,141	3,380
Less: Payments due within one year	234	130
	$ 2,907	$ 3,250

12. LONG-TERM DEBT (continued)

Debentures and notes

Date of maturity	Average Interest Rate	Canadian	US	2000	1999
Years ending:					
March 31, 2000	-	-	-	-	100
March 31, 2001	10.6%	251	-	251	251
March 31, 2002	9.6%	250	-	250	250
March 31, 2003	8.0%	500	174	674	681
March 31, 2004	7.5%	100	-	100	100
March 31, 2005	-	-	-	-	-
1-5 Years	8.8%	1,101	174	1,275	1,382
6-10 years	9.5%	570	-	570	620
11-30 Years	8.7%	500	785	1,285	1,365
Debentures and notes		$2,171	$959	$3,130	$3,367
Loan payable in annual installments of principal and interest at rates varying from 4.5% to 8.25% per annum to the year 2011.				11	13
Total long-term debt				$3,141	$3,380

The US$ debenture balance outstanding at March 31, 2000 is US$ 660 million.

The weighted average interest rate on all debentures and notes outstanding at March 31, 2000 is 8.88% (1999 - 9.07%).

12. LONG-TERM DEBT (continued)

Long-term debt payments

Long-term debt maturities and sinking fund requirements in respect of debt outstanding at March 31, 2000 are as follows for the five years ending March 31, 2005:

	Debt maturities and sinking fund obligations (in millions)
Year ending March 31, 2001	$ 234
Year ending March 31, 2002	243
Year ending March 31, 2003	603
Year ending March 31, 2004	106
Year ending March 31, 2005	19

Exchange rates in effect at March 31, 2000 are used for debt denominated in foreign currencies.

Sinking funds

The Minister of Finance of the Province of New Brunswick, as Trustee for the Corporation, maintains a sinking fund for all debenture issues where required. Sinking fund earnings are reflected in the Corporation's income. Corporation debentures held in the fund are cancelled at maturity or on the debenture call date. Sinking fund investments are deducted from long-term debt except where the legally enforceable right to offset does not exist. The amounts not offset, totaling $17 million (1999 - $56 million), have been reclassified as investments.

Guarantee fee

The Corporation pays an annual guarantee fee to the Province of New Brunswick, amounting to 0.6489% of the total, as at the previous year end, of long-term debt guaranteed by the Province, debentures held by the Province and short-term indebtedness to the Province, less the balance held in sinking funds.

13. SHORT-TERM INDEBTEDNESS

The Corporation borrows funds for temporary purposes from the Province of New Brunswick. The short-term borrowings from the Province of New Brunswick are $176 million at March 31, 2000 (1999 - $159 million).

The Corporation may also borrow from banks from time to time. Such borrowings are payable on demand. The Corporation has bank lines of credit, guaranteed by the Province of New Brunswick, for short-term borrowings totaling $104 million.

N.B. Coal has bank lines of credit which are secured by a general assignment of book debts.

14. IRRADIATED FUEL MANAGEMENT AND PLANT DECOMMISSIONING

	2000	1999
Irradiated fuel management	$ 109	$ 104
Nuclear decommissioning	86	82
Thermal decommissioning	14	11
	$ 209	$ 197

The obligation is not funded.

15. DEFERRED LIABILITIES - OTHER

	2000	1999
Early retirement programs	$ 27	$ 20
Retirement allowance program	6	4
	33	24
Less: Amounts due within one year	3	3
	$ 30	$ 21

16. AMOUNTS CHARGED OR CREDITED TO OPERATIONS NOT REQUIRING A CURRENT CASH PAYMENT

	2000	1999
Amortization and decommissioning	$ 190	$ 189
Amortization of debenture discount and expense	5	4
Amortization of unrealized foreign exchange	12	22
Disposal of nuclear fuel consumed during the year	(2)	(1)
Interest on plant decommissioning and irradiated fuel management	12	11
Early retirement and retirement allowance programs	9	4
	226	229
Write-off of deferred cost – nuclear generating station	-	450
Transfer from fuel channel removal account	-	(9)
	$ 226	$ 670

17. FINANCIAL INSTRUMENTS

Foreign exchange risk management

At March 31, 2000, the Corporation had outstanding forward exchange contracts representing a net commitment to purchase US$ 105 million (1999 – US$ 71 million). The weighted average rate of exchange protected by these contracts is Cdn $1.4521.

The fair value of forward exchange contracts as at March 31, 2000 is $151 million (1999 - $108 million). If the contracts had been closed out at March 31, 2000 the loss would have been immaterial.

Fuel price risk management

At March 31, 2000, the Corporation had outstanding oil swap contracts totaling $20 million (1999 - $40 million) maturing over the next year. In 1999, $18 million of these contracts, with a fair value of $14 million, constituted swap contracts entered into on behalf of a customer. Any gains or losses associated with this contract accrued to the customer.

The fair market value of the fuel price swap agreements as at March 31, 2000 is $24 million (1999 - $37 million).

Under the agreements, the Corporation exchanges monthly payments based on the differential between a fixed price and a monthly cumulative floating price for the associated fuel. The differential to be paid or received is reflected in the cost of fuel.

If the outstanding swap contracts for which gains or losses accrue to the Corporation had been closed out at March 31, 2000, the gain would have been $4 million (1999 - $1 million).

17. FINANCIAL INSTRUMENTS (continued)

Interest rate risk management

The Corporation has entered into an interest rate swap agreement with an effective date of October 1, 2002 and termination date of October 1, 2012. The agreement has a notional principal amount of $50 million. The Corporation will pay a fixed rate of 6.521%. If the agreement had been closed out at March 31, 2000 the loss would have been immaterial.

Fair value of debt and sinking funds

The estimated fair value of long-term debt as at March 31, 2000 is $3,448 million compared to a book value of $3,141 million (1999 - $3,970 million compared to $3,380 million). The estimated fair value of all sinking funds as at March 31, 2000 is $362 million compared to a book value of $346 million (1999 - $395 million compared to $361 million).

18. COMMITMENTS

Belledune Wharf

The Corporation has entered into a twenty year operating lease, expiring in 2013, with a twenty year renewal option for the port facility at Belledune. This lease provides for annual charges of approximately $4.5 million.

Courtenay Bay Generating Station

The Corporation has entered into a twenty year site lease agreement, expiring in 2021, with a five year option to extend, for lease of the existing site infrastructure to a third party to re-power an existing 100MW unit to a 280 MW combined-cycle natural gas unit.

The Corporation has also entered into a related twenty year power purchase and transmission access agreement, expiring in 2021, with a five year option to extend with the same third party. The Corporation will purchase all the electrical energy produced by the re-powered 280 MW combined cycle natural gas unit during the winter period, November 1 to March 31, and from time to time, some or all of the electrical energy produced during the summer period.

Gas Transportation Agreement

The Corporation has entered into a fifteen year agreement for firm natural gas transportation service to the re-powered Courtenay Bay Generating Station. The cost of transportation, commencing on November 1st, 2000 or the date when the transportation facilities are placed in service, will be recovered from the tenant, referred to in the lease, of the generating station.

18. COMMITMENTS (Continued)

Computer Equipment

During the year, the Corporation entered into operating leases relating to computer equipment. The future minimum lease payments under these leases are as follows:

	2000	1999
2001	$ 4	$ -
2002	3	-
	$ 7	$ -

19. CONTINGENCY

N.B. Coal has an ongoing environmental responsibility to treat acidic water drainage from an inactive mine. Ongoing cost of treatment is approximately $0.5 million per year.

20. COMPARATIVE FIGURES

Certain 1999 figures have been reclassified to conform with 2000 financial statement presentation.

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Exhibit h

Deloitte & Touche

CONSENT OF DELOITTE & TOUCHE

I hereby consent to the inclusion of the report of Deloitte & Touche on the financial statements of New Brunswick Power Corporation for the fiscal year ended March 31, 2000 as Exhibit (g) to the Annual Report on Form 18-K of the Province of New Brunswick for the fiscal year ended March 31, 2000 and to the incorporation by reference of such report in the Registration Statement No. 33-89790 of the Province of New Brunswick.

/s/Deloitte & Touche

Chartered Accountants
Saint John, New Brunswick
December 15, 2000